

REBUTTAL TESTMONY

of

Alicia Allen

Rates Department  
Financial Analysis Division  
Illinois Commerce Commission

**Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization, to enter into an agreement with affiliated interests pursuant to Section 7-101, and for such other approvals as may be required under the Public Utilities Act to effectuate the Reorganization**

Wisconsin Energy Corporation, Integrys Energy Group, Inc., Peoples Energy, LLC, ATC Management Inc., American Transmission Company LLC, The Peoples Gas Light and Coke Company, and North Shore Gas Company

Docket No. 14-0496

January 15, 2015

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1 **Witness Identification**

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

3 A. My name is Alicia Allen. My business address is 527 East Capitol Avenue,  
4 Springfield, Illinois 62701.

5 **Q. What is your present position?**

6 A. I am a Rate Analyst at the Illinois Commerce Commission (“Commission”). I work  
7 in the Rates Department of the Financial Analysis Division on rate design and  
8 cost of-service issues.

9 **Q. Please describe your qualifications and background.**

10 A. I received a M.S. in Economics from Illinois State University in 2007 and a B.S. in  
11 Economics and Management and Organizational Leadership from Illinois College  
12 in 2006. My experience includes four years of employment at the Commission  
13 serving as Policy Advisor to Commissioners Elliott and McCabe, where I  
14 researched, analyzed, and developed policies, issues and opinions relating to  
15 rates and tariffs for the industries regulated by the Commission. I became a Rate  
16 Analyst for the Rates Department in June 2012. In this capacity, I have  
17 performed rate design and cost of service analyses and have testified in rate  
18 proceedings on cost allocation and tariff language.

19 **Purpose of Testimony**

20 **Q. What is the purpose of your rebuttal testimony?**

21 A. I respond to the direct testimonies of City of Chicago and the Citizens Utility Board  
22 (“City/CUB”) witnesses Christopher Wheat and Karen Weigert. I recommend the

23 Commission reject the City/CUB propos to cap the Peoples Gas Light and Coke  
24 Company/North Shore Gas Company (“PGL/NS”) fixed customer charges during  
25 the period of any rate freeze ordered by the Commission.

26 **Attachments**

27 **Q. Have you included any attachments to your testimony?**

28 A. Yes. I have included Attachment A, which is the City/CUB response to Staff data  
29 request AAA 1.01.

30 **Response to Mr. Wheat and Ms. Weigert**

31 **Q. Please describe Mr. Wheat’s recommendation regarding fixed customer**  
32 **charges.**

33 A. Mr. Wheat recommends, and Ms. Weigert supports, capping the level of the  
34 PGL/NS fixed customer charges during the period of any rate freeze ordered by  
35 the Commission in order to benefit Chicago’s vulnerable residents and assistance  
36 programs. (City/CUB Ex. 1.0 at 16; City/CUB Ex. 2.0 at 10.)

37 **Q. Please explain why Mr. Wheat believes capping the level of the PGL/NS fixed**  
38 **customer charge during a rate freeze is necessary.**

39 A. City/CUB’s response to Staff data request AAA 1.01 explains that, in Mr. Wheat’s  
40 opinion, PGL/NS would not be restricted from filing a revenue-neutral rate design  
41 case with the Commission, which would potentially allow PGL/NS to increase their  
42 fixed monthly customer charges during any rate freeze. (Staff Ex. 14.0,  
43 Attachment A.)

44 **Q. Do the Joint Applicants respond to the City/CUB recommendation?**

45 A. Yes. The Joint Applicants explain that there is a case pending before the Supreme  
46 Court of Illinois challenging the legality of Rider VBA,<sup>1</sup> and in the event that a ruling  
47 from the Court disallows Rider VBA, PGL/NS may seek a revenue-neutral rate  
48 design case to incorporate such a change in circumstances and therefore  
49 recommend rejection of the City/CUB proposal. (JA Ex. 6.0 at 35.)

50 **Q. Do you agree with the City/CUB proposal to cap the level of the PGL/NS fixed**  
51 **customer charge during any rate freeze ordered by the Commission?**

52 A. No. If the Commission approves the proposed reorganization, it should not impose  
53 a condition that would cap the level of PGL/NS fixed customer charges during any  
54 rate freeze that might result from the reorganization. Should the Illinois Supreme  
55 Court overturn the Commission's approval of Rider VBA, PGL/NS should be  
56 permitted to propose a revenue-neutral rate design case to address the impact of  
57 the court decision on its rate structure without any limitation. The Commission  
58 would then be able evaluate that proposal on its merits and approve whatever  
59 changes to the PGL/NS rate structure, if any, it finds appropriate, unencumbered  
60 by a price ceiling for fixed charges set in this proceeding. Therefore, I recommend  
61 the Commission reject the City/CUB proposal to cap the PGL/NS fixed customer  
62 charges during any rate freeze ordered by the Commission.

63 **Conclusion**

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

65 A. Yes.

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<sup>1</sup> Rider VBA (Volume Balancing Adjustment) is a revenue decoupling mechanism which helps ensure the recovery of fixed costs for a utility despite any changes in energy consumption from its customers.

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Wisconsin Energy Corporation, Integrys Energy )  
Group, Inc., Peoples Energy, LLC, The Peoples )  
Gas Light and Coke Company, North Shore Gas )  
Company, ATC Management Inc., and American )  
Transmission Company LLC )  
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**THE CITY OF CHICAGO AND THE CITIZENS UTILITY BOARD'S  
RESPONSE TO STAFF'S FIRST DATA REQUEST**

The City of Chicago ("City"), by and through its attorney, pursuant to 83 Ill. Admin. Code Part 200.410, and the Citizens Utility Board ("CUB"), submit the following Response to Data Request AAA 1.01 propounded by Staff of the Illinois Commerce Commission ("Staff").

**General Objections**

City/CUB object to any definitions or instructions that are inconsistent with discovery obligations under the Commission's applicable rules. If some question arises as to City/CUB's discovery obligations, City/CUB will comply with applicable rules and not with any of the Joint Applicants' definitions or instructions that are inconsistent with those rules. Furthermore, City/CUB object to any discovery request that calls for the creation of data or information that it otherwise does not have because there is no such requirement under the applicable rules of law.

City/CUB object to any discovery request that purports to require City/CUB or its experts and witnesses to prepare studies, analyses, or to do work for Staff that has not been done for City/CUB, presumably at City/CUB's cost.

Additionally, City/CUB general objects to Staff's discovery requests to the extent that they call for data or information protected by the attorney-client privilege, the work-product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

Finally, City/CUB reserve the right to supplement any of their responses to Staff's discovery requests if City/CUB cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if City/CUB later discover additional responsive information during the course of this proceeding.

By making these general and specific objections at this time, City/CUB does not waive or relinquish its rights to assert additional general and specific objections to Staff's discovery.

**ICC Docket No. 14-0496**  
**City/CUB Response**  
**to Staff's First Data Request**  
December 29, 2014

AAA 1.01 City/CUB Exhibit 1.0 on page 16 states "...the Commission should cap the level of PGL's fixed customer charge for the period of any rate freeze..." Please explain how capping the fixed customer charge during a rate freeze benefits vulnerable ratepayers and customers that utilize assistance programs in addition to any benefits they would receive as part of a rate freeze.

RESPONSE: It is unclear if revenue-neutral rate design changes are covered by the JA's proposed commitment "that any further requests to change their rates not become effective any earlier than two years after the Transaction closes." JA Ex. 1.0 at lines 453-455. Even if it were to be clarified that such a commitment includes revenue-neutral changes to increase the Gas Companies fixed charges, the commitment contains conditions and caveats that could give the Gas Companies opportunities to avoid the base rate change limitation in certain circumstances. JA Ex. 1.0 at lines 458-464. In such circumstances, fixed monthly customer charges should not increase, regardless of what transpires with whatever "rate freeze" is in place at that time.