

DIRECT TESTIMONY

of

STEVEN R. KNEPLER

Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

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

Application for Approval of Rider 33, Designated Extension Service Area

Docket No. 15-0218

July 29, 2015

**Witness Identification**

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

2 A. My name is Steven R. Knepler. My business address is 527 East Capitol  
3 Avenue, Springfield, Illinois 62701.

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

5 A. I am currently employed as a Supervisor in the Accounting Department of  
6 the Financial Analysis Division of the Illinois Commerce Commission  
7 ("ICC" or "Commission").

8 **Q. Please describe your background and professional affiliations.**

9 A. I hold a Bachelor of Science Degree in Accounting from Illinois State  
10 University. I am a Certified Public Accountant, licensed to practice in the  
11 State of Illinois. I joined the Commission's Staff ("Staff") in January 1982.  
12 Prior to joining Staff, I was employed as an auditor for other State  
13 agencies.

14 **Q. Have you previously testified before a regulatory body?**

15 A. Yes, I have testified on several occasions before the Commission.

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

17 A. The purpose of my testimony is to:

18 1. Recommend that the Commission reject the proposal of Northern  
19 Illinois Gas Company ("Nicor" or "Company") for Rider DESA (or  
20 Rider 33), Designated Extension Service Area, to the extent that it  
21 allows the recovery of Rider DESA charges in default through  
22 Nicor's Rider 26, Uncollectible Expense Adjustment;

- 23           2. Recommend the Commission reject Nicor's implicit request for  
24           deferral of the costs incurred under Rider DESA; and
- 25           3. Recommend various changes to the tariff, in the event the  
26           Commission elects to approve Rider DESA.

27   **Q.    Please provide a general description of Nicor's proposed Rider**  
28   **DESA.**

29   A.    Nicor's proposed Rider DESA would afford prospective customers the  
30   option of paying to extend the gas main to their property under the DESA  
31   Connection Charge, rather than paying these charges in the manner  
32   prescribed by the Commission's main extension rules, 83 Ill. Adm. Code  
33   500.210, 500.320. Under Nicor's proposed Rider DESA, a customer  
34   would pay connection charges over a period of time not to exceed a  
35   period of 10 years and \$5,000 in cost.

36   **Q.    Is the DESA Connection Charge the only charge that prospective**  
37   **natural gas customers might incur in order to obtain service from**  
38   **Nicor if they elect to obtain service pursuant to Rider DESA?**

39   A.    No. Prospective natural gas customers might incur either or both of the  
40   following additional costs in order to obtain natural gas service:

- 41           1. Service Line Charge – a charge to install a service line from Nicor's  
42           gas main to the prospective customer's residence; and
- 43           2. Appliance Conversion Cost – the charge to convert a prospective  
44           customer's appliance(s) from propane to natural gas.

45   My understanding is that Nicor's proposed Rider 33 does not include costs  
46   for these two cost categories. Rider 33 is intended to address the

47 recovery of costs to extend distribution mains to new locations within  
48 Nicor's service territory. (Nicor Gas Exhibit 2.1, page 1 of 4)

49 **Schedule and Attachment Identification**

50 **Q. Are you sponsoring any schedules or attachments as part of ICC**  
51 **Staff Exhibit 1.0?**

52 A. Yes. I prepared the following attachments:

53 ATTACHMENT A – Nicor Gas Company, Responses to Staff's Data  
54 Requests SRK 1.01 – 1.10

55 ATTACHMENT B – Nicor Gas Company, Responses to Staff's Data  
56 Requests SRK 2.01 – 2.05

57 **Recovery of Rider DESA Charges in Default**

58 **Q. How does Nicor propose to recover Rider DESA Charges that are in**  
59 **default and become uncollectible?**

60 A. The proposed Rider DESA, at Section E – General, Original Sheet No.  
61 86.3 contains the following language:

62 Uncollectible expense related to CPO charges shall qualify for  
63 recovery through the Company's Rider – Uncollectible Expense  
64 Adjustment. (Nicor Exhibit 2.1, page 4 of 4)

65 **Q. In your opinion, should the Commission adopt Nicor's proposal to**  
66 **recover CPOs (Customer Payment Option)<sup>1</sup> in default through the**  
67 **uncollectible expense adjustment rider?**

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<sup>1</sup> Customer Payment Options or "CPO", the option available at CPO Eligible Service Addresses to pay the DESA Connection Charge in installments under terms set forth in this rider. (Nicor Gas Exhibit 2.1, page 1 of 4).

68 A. In my opinion, the Commission should not adopt Nicor's proposal to  
69 recover CPOs in default through the uncollectible expense adjustment  
70 rider. Nicor has not adequately explained why Rider DESA charges in  
71 default should be recoverable through its Uncollectible Expense  
72 Adjustment, Rider 26. Nicor has not addressed the recoverability of the  
73 cost of plant investment associated with CPO through its uncollectible  
74 expense rider.

75 The uncollectible expense riders for gas utilities were authorized under  
76 Section 19-145 of the Illinois Public Utilities Act (the Act) which provides,  
77 in relevant part, that:

78 A gas utility shall be permitted, at its election, to recover through an  
79 automatic adjustment clause tariff the incremental difference  
80 between its actual uncollectible amount as set forth in Account 904  
81 in the utility's most recent Form 21 ILCC and the uncollectible  
82 amount ***included in the utility's rates*** for the period reported in such  
83 annual Form 21 ILCC.

84 (220 ILCS 5/19-145(a)) (emphasis added)

85 In addition, the Uniform System of Accounts for Gas Utilities Operating in  
86 Illinois (Uniform System of Accounts), codified at 83 Ill. Adm. Code  
87 505.10, et seq., provides the following instructions for Account 904:

88 **904 Uncollectible accounts.**

89 This account shall be charged with amounts sufficient to provide for  
90 losses from uncollectible **utility revenues**. Concurrent credits shall  
91 be made to account 144, Accumulated Provision for Uncollectible  
92 Accounts – Credit. Losses from uncollectible accounts shall be  
93 charged to account 144.

94 (Uniform System of Accounts for Gas Utilities Operating in Illinois, page  
95 244, **emphasis added**)

96 In the Company’s response to Staff data request (“DR”) SRK 1.04, Nicor  
97 states, in part, that each month the DESA charges would be recorded  
98 using the follow accounting entry:

|     |    |  |
|-----|----|--|
| 99  | DR | Account 142 – Customer Accounts Receivable |
| 100 | CR | Account 182.3 – Other Regulatory Asset     |
| 101 | CR | Account 480 / 481 - Revenue                |

102 However, the instructions of the Uniform System of Accounts for Account  
103 480 - Residential Sales, and Account 481 - Commercial and Industrial  
104 Sales, do not provide that payments for customer main extensions  
105 characterized as DESA charges are to be recorded into Accounts 480 or  
106 481. The instructions for Account 480, Residential Sales, state:

107 “This account shall include the net billing for gas supplied for  
108 residential or domestic purposes.”

109 The instructions for Account 481, Commercial and Industrial Sales, state:

110 “This account shall include the net billing for gas supplied to  
111 commercial and industrial customers.”

112 DESA charges do not represent billings for gas supplied. Thus, the DESA  
113 charges cannot properly be recorded to Accounts 480 or 481.

114 In addition, the uncollectible rider provides for the recovery of the  
115 uncollectible amount includable in utility rates pursuant to Section 19-145  
116 of the Act. Although I am not an attorney, I have been advised by counsel  
117 that Section 19-145 of the Act does not specifically authorize the recovery  
118 of uncollectible DESA charges through the uncollectible rider. The DESA  
119 charges are representative of plant costs incurred to construct a gas main  
120 extension. Such charges are not net billing for gas supplied, and are not  
121 properly recorded in Accounts 480 or 481.

122 **Implicit Request for a Regulatory Asset**

123 **Q. In the Company's Response to Staff DR SRK 1.04, Nicor indicated**  
124 **that it would record the construction cost portion of the main**  
125 **extension transaction in Account 182.3 – Other Regulatory Assets.**  
126 **What is your response?**

127 A. I recommend that the Commission reject the Company's implicit request to  
128 defer the plant costs of the main extension transaction in Account 182.3.  
129 The instructions for Account 182.3 of the Uniform System of Accounts  
130 state:

131 **182.3 Other regulatory assets.**

132 A. This account shall include amounts of regulatory-created  
133 assets, not includible in other accounts, resulting from the  
134 ***ratemaking actions of regulatory agencies.*** (See Definition No.  
135 31.)

136 (Uniform System of Accounts, page 74, emphasis added)

137 In my opinion, deferred accounting treatment for the recovery of expenses  
138 related to Nicor's main extension program in future rate proceeding is  
139 improper, and a practice that the Commission has previously rejected.  
140 For example, in Docket No. 98-0895, the Commission rejected Citizens  
141 Utilities Company's request to recover its "Y2K" (year 2000 computer  
142 problems) costs, because it would violate test year principles:

143 The requested deferral would improperly match expenses from a  
144 non-test year with revenues from a test year. The requested  
145 deferral is contrary to the ratemaking principle requiring that  
146 expenses be recognized in the year in which they are incurred. ...  
147 Therefore, we reject CUCI's Application to allow deferral of its Y2K  
148 operating expenses for ratemaking purposes.

149 Citizens Utilities Company of Illinois, d/b/a Citizens Water  
150 Resources, ICC Order Docket No. 98-0895, 3 (March 15, 2000).

151 Recovery of DESA charges in Account 182.3 would result in the same  
152 improper matching of costs with revenues. The effect would be for Nicor's  
153 expenses, and hence its revenue requirement, to be overstated. Thus, I  
154 recommend that the Commission reject Nicor's request to record main  
155 extension expenses as a regulatory asset because it would violate test  
156 year principles.

157 **Recommendations for Tariff Language Revisions Should the Commission**  
158 **Approve Rider DESA**

159 **Q. What revisions to the Rider 33 tariff language set forth on Nicor**  
160 **Exhibit 2.1 are you proposing?**

161 A. Should the Commission approve Rider 33, I recommend the following  
162 revisions to the Rider 33 tariff language:

- 163 1. A tariff provision should be included which requires Nicor to file  
164 annual reports on the Commission's e-docket system in this docket  
165 by April 30 of each year for the DESA activities for the preceding  
166 calendar year. Each such annual report should set forth, by project  
167 extension area, the number of conversions used for the feasibility  
168 analysis, the number of premises converted, the rate charged, and  
169 the recovery period;
- 170 2. The tariff should be amended to specifically state that the charge is  
171 to be billed monthly as a separate line item on the customer's bill;
- 172 3. The tariff should be amended to include a formula that defines the  
173 determination of the Service Area Required Payment;
- 174 4. The tariff should be amended to include a formula that defines the  
175 computation of a customer's monthly installment; and
- 176 5. The tariff should be amended to include an example of a Customer  
177 Payment Option Agreement.

178 **Conclusion**

179 **Q. Does this conclude your prepared direct testimony?**

180 A. Yes, it does.

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK First Set of Data Requests**

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SRK 1.01     Q.     Nicor Gas Exhibit 2.1 at page 4 (proposed Rider 33, Section E-General), states that the uncollectible expense related to CPO charges (customer payment option) shall qualify for recovery through the Company's Rider 26 – Uncollectible Expense Adjustment.

Please provide Nicor's rationale for the proposal that payments defaulted by customers enrolled in the customer payment option should be recovered through the uncollectible expense adjustment rider.

SRK 1.01     A.     Please see the Company's response to Staff data request SRK 1.03 in this proceeding.

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
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SRK 1.02      Q.      With respect to Staff Data Request SRK-1.01 above, please provide any basis in the Public Utilities Act that allows for the recovery of Nicor's investment in DESA plant through its Uncollectible Expense Rider 26.

SRK 1.02      A.      Nicor Gas objects to this data request because it calls for a legal conclusion. Subject to and without waiving this objection, Nicor Gas notes that Section 19-145(a) of the Public Utilities Act and Nicor Gas Rider 26, which was approved by the Commission pursuant to Section 19-145(a), establish a mechanism for recovery of uncollectible expenses as recorded to Account 904.

Consistent with Section 19-145(a) of the Public Utilities Act and the terms of Nicor Gas Rider 26, proposed Rider 33 merely confirms that uncollectible expense arising from DESA Connection Charges that have been billed to a customer as authorized by the Commission is to be treated in the same manner as any other uncollectible expense associated with Commission-approved charges.

Please also see the Company's responses to Staff data requests ENG 1.08 and SRK 1.03 in this proceeding.

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK First Set of Data Requests**

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SRK 1.03      Q.      Please explain why Nicor believes any Rider 33 DESA account in default is incremental uncollectible expense within the meaning of Section 19-145(a) of the Public Utilities Act.

SRK 1.03      A.      Nicor Gas objects to this data request because it calls for a legal conclusion. Subject to and without waiving this objection, Nicor Gas notes that the term “incremental uncollectible expense” is not used in Section 19-145(a) of the Public Utilities Act. Rather, that section provides, in relevant part, that:

“A gas utility shall be permitted, at its election, to recover through an automatic adjustment clause tariff the incremental difference between its actual uncollectible amount as set forth in Account 904 in the utility's most recent annual Form 21 ILCC and the uncollectible amount included in the utility's rates for the period reported in such annual Form 21 ILCC.”

Nor is the term “incremental uncollectible expense” used in Nicor Gas Rider 26, which was approved by the Commission pursuant to Section 19-145 of the Public Utilities Act. Again, Rider 26 provides, in relevant part, that:

“Costs subject to this rider are those costs that are classified as uncollectible expenses in Illinois Commerce Commission Account 904, Uncollectible accounts, and as reported by the Company in, Form 21, Annual Report to the Illinois Commerce Commission.”

Thus, the relevant inquiry under Section 19-145(a) of the Public Utilities Act and Nicor Gas Rider 26 is whether Rider 33 DESA charges that are billed to a customer and not collected are properly recorded in Account 904.

Section 505.10 of the Commission’s regulations (83 Ill. Adm. Code § 505.10) adopts the Uniform System of Accounts prescribed for natural gas companies subject to the Natural Gas Act, which is set forth at 18 CFR 201. The Uniform System of Accounts provides, in the description to Account 144, Accumulated provision for uncollectible accounts, that

charges shall be made to Account 904, Uncollectible accounts, for “losses on accounts receivable”.

The amount of DESA Connection Charges that Nicor Gas bills to eligible customers but is unable to collect represents uncollectible utility accounts receivable. As such, those charges should properly be recorded to Account 904 and should be eligible for recovery under Rider 26.

Importantly, Nicor Gas is ***not*** proposing that amounts not collected due to overestimating the number of connections be charged to Account 904. Nicor Gas would only charge Account 904 for billed amounts that are not collected.

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK First Set of Data Requests**

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SRK 1.04     Q.     Please provide the illustrative Accounting Entries to record the DESA process from (the beginning to the end) the installation of plant to full payment of the customer payment obligation.

SRK 1.04     A.     Using the example described in the direct testimony of Patrick E. Whiteside, Nicor Gas Exhibit 1.0, beginning on page 11, line 217, and \$20 per month customer payment option, the anticipated journal entries would be as follows:

|  |          |
|--|----------|
| DR Account 107 – PP&E – CWIP   | \$60,000 |
| CR Account 131 – Cash, Account 232 – Accounts Payable<br>or Account 154 – Plant Materials and Operating Supplies | \$60,000 |

*Full cost of constructing the facilities.*

|  |          |
|--|----------|
| DR Account 182.3 – Other - Regulatory Assets | \$10,000 |
| DR Account 101 – Gas Plant in Service        | \$50,000 |
| CR Account 107 – PP&E – CWIP                 | \$60,000 |

*Remove DESA-eligible costs from PP&E and establish a regulatory asset.  
Reclassify the remainder from construction work in progress to plant in service.*

|  |                |
|--|----------------|
| DR Account 142 – Customer Accounts Receivable                            | \$200 (12,200) |
| CR Account 182.3 – Other Regulatory Asset (construction<br>cost portion) | \$163 (10,000) |
| CR Account 480/481 – Revenue (remainder)                                 | \$37 (2,200)   |

*Each month, bill customer for DESA charges. Amounts set forth in parenthesis are cumulative over 10 years. (See the Company's response to SRK 1.03 for treatment of any uncollected billings.)*

|   |                |
|---|----------------|
| DR Account 131 – Cash                         | \$200 (12,200) |
| CR Account 142 – Customer Accounts Receivable | \$200 (12,200) |

*Each month, collect utility bill receivable. Amounts set forth in parenthesis are cumulative over life of the DESA project.*

*Responsible for Response:* James Gorenz

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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**SRK First Set of Data Requests**

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SRK 1.05      Q.      Provide the illustrative Accounting Entries to record the DESA process from (the beginning to the end) the installation of plant to the default of the customer payment obligation.

SRK 1.05      A.      Using the example described in the direct testimony of Patrick E. Whiteside, Nicor Gas Exhibit 1.0, beginning on page 11, line 217, and \$20 per month customer payment option, the anticipated journal entries would be as follows:

|  |          |
|--|----------|
| DR Account 107 – PP&E – CWIP   | \$60,000 |
| CR Account 131 – Cash, Account 232 – Accounts Payable<br>or Account 154 – Plant Materials and Operating Supplies | \$60,000 |

*Full cost of constructing the facilities.*

|  |          |
|--|----------|
| DR Account 182.3 – Other - Regulatory Assets | \$10,000 |
| DR Account 101 – Gas Plant in Service        | \$50,000 |
| CR Account 107 – PP&E – CWIP                 | \$60,000 |

*Remove DESA-eligible costs from PP&E and establish a regulatory asset.  
 Reclassify the remainder from construction work in progress to plant in service.*

|  |                |
|--|----------------|
| DR Account 142 – Customer Accounts Receivable                            | \$200 (12,200) |
| CR Account 182.3 – Other Regulatory Asset (construction<br>cost portion) | \$163 (10,000) |
| CR Account 480/481 – Revenue (remainder)                                 | \$37 (2,200)   |

*Each month, bill customer for DESA charges. Amounts set forth in parenthesis are cumulative over 10 years.*

|   |                |
|---|----------------|
| DR Account 131 – Cash                         | \$200 (12,200) |
| CR Account 142 – Customer Accounts Receivable | \$200 (12,200) |

*Each month, collect utility bill receivable. Amounts set forth in parenthesis are cumulative over life of the DESA project.*

*To the extent that an individual bill is uncollectible (this portion of the bill, as with the rest of the utility charges) would ultimately be reflected in the accounting records as follows:*

|  |      |
|--|------|
| DR Account 904 – Uncollectible Accounts                              | \$20 |
| CR Account 144 – Accumulated Provision for<br>Uncollectible Accounts | \$20 |

|  |      |
|--|------|
| DR Account 144 – Accumulated Provision for<br>Uncollectible Accounts | \$20 |
| CR Account 142 – Customer Accounts Receivable                        | \$20 |

The charges to Account 904 for amounts not collected would ultimately be recovered through Rider 26. Such rider recovery journal entries are not depicted here.

Please also see the Company's response to Staff data request SRK 1.03 in this proceeding. Only amounts billed to a customer would be charged to Account 904, Uncollectible Accounts.

*Responsible for Response:* James Gorenz

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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**SRK First Set of Data Requests**

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SRK 1.06      Q.      What safeguards are proposed by Nicor to prevent the over-recovery of DESA plant investment costs?

SRK 1.06      A.      Please see the Company's response to Staff data request ENG 1.04 in this proceeding.

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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**SRK First Set of Data Requests**

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- SRK 1.07      Q.      Should the proposed Rider 33-DESA receive approval, would Nicor be willing to file a periodic report with the Commission, by project extension area, of its main extension activities? If Nicor agrees to the DESA Report, what information should be provided in the report?
- SRK 1.07      A.      Yes. Nicor Gas would be willing to file an annual report with the Commission reflecting its main extensions within each DESA. This report would show the number of conversions used for the Company's feasibility analysis and the number of premises that have converted.

*Responsible for Response:* Patrick Whiteside

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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SRK 1.08      Q.      Please explain how the DESA charge will be billed (as a separate bill, as a separate line on the customer's monthly gas bill, or other billing method) and how will the amount owed to Nicor be accounted for?

SRK 1.08      A.      Nicor Gas anticipates that the DESA charge will appear as a separate line item on the customer's monthly gas bill. For accounting, please see the Company's response to Staff data request SRK 1.04 in this proceeding.

*Responsible for Response:* Emily Hickey

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
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SRK 1.09      Q.      How will the DESA charge be determined for other DESA service areas (is the DESA charge determined by standardized formulaic method)?

SRK 1.09      A.      Yes. The DESA Connection Charge is calculated using a standard formulaic method. Specifically, the DESA Connection Charge is found by dividing the Required Contribution for the specific service area by the Estimated Connections for the specific service area.

*Responsible for Response:* Emily Hickey

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
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**SRK First Set of Data Requests**

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SRK 1.10 Q. How many potential DESA service areas has Nicor identified, and how many potential customers in each service area?

SRK 1.10 A. Nicor Gas has identified six (6) potential DESA areas. Each area has a varied number of potential customers as approximated below:

- Area 1: 41 potential customers;
- Area 2: 47 potential customers;
- Area 3: 130 potential customers;
- Area 4: 148 potential customers;
- Area 5: 177 potential customers; and
- Area 6: 2,200 potential customers.

*Responsible for Response:* Patrick Whiteside

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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**SRK Second Set of Data Requests**

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- SRK 2.01      Q.      **Nicor Gas Exhibit 1, pages 11-12 (lines 231-242)**  
Nicor witness Patrick E. Whiteside refers to a South Beloit project that has a “required payment” of \$104,000 under the existing main extension rule. However, on page 12, Mr. Whiteside states that under the proposed Rider 33, the “required payment” would be approximately \$42,000. Please explain how the \$42,000 required payment under Nicor’s proposal was calculated and why the “required payment” differs under the existing main extension rule from that resulting under the proposed Rider 33.
- SRK 2.01      A.      In the South Beloit project example, of the 22 customers surveyed, 10 customers responded that they were ready to convert to natural gas. Feasibility on 10 customers resulted in an upfront payment of \$104,000 to be divided among the 10 customers. It is expected that additional customers would later request natural gas service as they were ready to convert and they would avoid having to pay any upfront payment. However, under Rider DESA, feasibility would be calculated based on an additional 8 customers (estimating that 80% of the premises would convert within the 10 year period), resulting in a payment of \$42,000 to be divided and charged to customers as they request natural gas service. The difference in the required payment is attributable to the inclusion of revenue and free footage credits for the 8 additional customers. If the 8 additional customers were able to convert immediately, the required payment would be the same.

*Responsible for Response:* Patrick Whiteside

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
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**SRK Second Set of Data Requests**

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SRK 2.02     Q.     **Nicor Gas Exhibit 2.1 (proposed Rider 33, Designated Service Area)**  
Please provide a true and correct copy of this document in Microsoft Word  
format.

SRK 2.02     A.     Please see attached SRK 2.02 Exhibit 1.

*Responsible for Response:* Emily Hickey

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK Second Set of Data Requests**

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SRK 2.03      Q.      **Nicor Gas Exhibit 2.1 (proposed Rider 33, Designated Service Area), page 3 of 4 at items (vi) and (vii).**  
Please explain the term (or the reference to) “*clause (v).*”

SRK 2.03      A.      Clauses (vi) and (vii) in part describe the ability for the customer to pay an amount that is different than the monthly installment amount specified in the Customer Payment Option Agreement (CPOA). The reference to clause (v) is intended to clarify that customers always have the option to pay off the entire remaining installment payment balance through a single lump sum payment equal to the present value at the payment date of the remaining monthly installments as determined by the Company at a discount rate equal to the Carrying Cost used to calculate the installment payment amounts.

*Responsible for Response:* Emily Hickey

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK Second Set of Data Requests**

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SRK 2.04    Q.    **Nicor Gas Exhibit 2.1, CPO Eligible Service Address**  
Would an owner of (non-owner occupied) residential rental property, who would not be responsible for the payment of Nicor gas service at the requested service address, be eligible for the monthly Customer Payment Option (CPO)? If so, please explain how the owner would be billed.

SRK 2.04    A.    No. The CPO is available to and will be billed to the customer of record.

*Responsible for Response:* Emily Hickey

**Northern Illinois Gas Company d/b/a Nicor Gas Company**  
**Response to: Illinois Commerce Commission**  
**Ill.C.C. Docket No. 15-0218**  
**SRK Second Set of Data Requests**

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- SRK 2.05      Q.      **Nicor Gas Exhibit 2.1 (proposed Rider 33, Designated Service Area)**  
Under Nicor's proposed Rider 33, does the payment for the main extension include any charges associated with the service line from Nicor's gas main to a customer's residence? If not, please explain how the cost of a service line will be calculated and billed. Also provide the amount that a prospective customer may expect to pay for the service line.
- SRK 2.05      A.      No. The Required Contribution in Rider 33 excludes service line charges. The calculation of service line charges and billing would remain the same as it is today. As per Nicor Gas' tariff, the Company will install, at its expense, the service pipe between the Company's main and the Customer's property line, and up to 60 feet of service pipe located on the Customer's premises. Any additional service pipe required on the Customer's premises in excess of 60 feet will be charged at the cost per foot as stated in the tariff. Charges for service lines can vary among prospective customers depending on any excess footage required; most service lines are within the 60 foot allowance provided in Nicor Gas' tariff.

*Responsible for Response:* Patrick Whiteside