

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

The Peoples Gas Light and Coke Company	:	
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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	:	Docket No. 15-0497
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I. PROCEDURAL HISTORY

On February 2, 2010, the Illinois Commerce Commission (the “Commission”) entered its Order approving The Peoples Gas Light and Coke Company’s (“Peoples Gas” or the “Company”) Rider UEA, Uncollectible Expense Adjustment, in Docket Nos. 09-0419/09-0420 (Cons.). Section I of Rider UEA requires Peoples Gas to file a petition no later than August 31 seeking initiation of the annual reconciliation to determine the accuracy of the statement. On August 31, 2015, Peoples Gas filed in this proceeding its Reconciliation Statement for the April 1, 2014 through May 31, 2015 reconciliation period.

Pursuant to notice given, as required by law and by the Commission’s rules and regulations, a hearing was held at the Commission’s office in Chicago, Illinois, on January 21, 2016. Peoples Gas and the Commission’s Staff (“Staff”) witnesses entered appearances. There were no interveners. Peoples Gas presented the direct testimony of Lynn M. Hosty, Senior Rate Analyst, and the direct testimony of David B. Baron, Manager, Credit and Collections. Staff presented the direct testimony of Mary H. Everson, Accountant in the Accounting Department of the Commission’s Financial Analysis Division, and the direct testimony of Joan Howard, Consumer Policy Analyst in the Commission’s Consumer Services Division. The Administrative Law Judge marked the record “Heard and Taken” on January 21, 2016. There were no contested issues at the completion of the hearing and the parties agreed to file a Draft Order. On January 25, 2016, Peoples Gas filed a Draft Order.

II. PEOPLES GAS’ POSITION

Ms. Hosty testified about the nature and requirements of Rider UEA, Peoples Gas’ compliance with the rider, and the Company’s reconciliation calculations. She stated that the reconciliation reflects the incremental difference between the actual uncollectible expense amount reported in Form 21, Annual Report to the Commission, and the uncollectible expense amount that has been included in the Company’s rates.

Ms. Hosty sponsored four exhibits. PGL Ex. 1.1 is the Reconciliation Statement for the April 1, 2014 through May 31, 2015 reconciliation period that shows the Reconciliation Adjustment (“RA”) for the September 1, 2015 through May 31, 2016

period ("Statement"). PGL Ex. 1.2 is Peoples Gas' Rider UEA filing for the adjustments to be billed June 1, 2014 through May 31, 2015 for the 2013 reporting year along with the RA amounts for the April 1, 2013 through March 31, 2014 reconciliation period. PGL Ex. 1.3 is a schedule showing the bifurcation of the Service Classification ("S.C.") No. 1 amounts from PGL Ex. 1.2 into separate amounts for S.C. No. 1-Heating (S.C. No. 1H) and S.C. No. 1-Non-Heating (S.C. No. 1NH) that were expected to be recovered/refunded June 1, 2014 through May 31, 2015 to be included in this reconciliation. PGL Ex. 1.4 is a schedule showing the bifurcation of the S.C. No. 1 amounts into separate amounts for S.C. No. 1H and S.C. No. 1NH during April 1, 2014 through May 31, 2014, as previously approved in Docket No. 14-0530 to be included in this reconciliation.

Ms. Hosty described three changes that are relevant to the reconciliation period. First, in Docket Nos. 11-0280/11-0281 (Cons.), the Commission ordered Peoples Gas to use the net write-off method to determine the uncollectible amount to be recovered in Rider UEA. This change became effective for the 2013 reporting year Rider UEA filing that Peoples Gas filed in 2014. Second, in June 2013, the Commission, in Docket Nos. 12-0511/12-0512 (Cons.), approved a bifurcation of S.C. No. 1 into separate rates for Heating and Non-Heating customers. Third, the Commission approved revisions to Rider UEA that affect the reconciliation process and timing. The reconciliation period changes from a reconciliation of the previous April 1 through March 31 effective period to the previous June 1 through May 31 effective period. The reconciliation component adjustment will be collected over the upcoming 9-month September through May period rather than being rolled into the June through May adjustment. To transition to the new June through May period, this proceeding is a reconciliation of the 14-month period from April 1, 2014 through May 31, 2015.

Ms. Hosty stated that Peoples Gas filed adjustments in May 2013 for the calendar year 2012 Form 21 reporting year and prior period RA, to refund \$4,908,101.02 to customers, and those adjustments became effective on June 1, 2013, and were billed through May 31, 2014. Peoples Gas filed adjustments in May 2014 for the calendar year 2013 Form 21 reporting year and prior period RA, to refund \$6,697,610.34 to customers, and those adjustments became effective on June 1, 2014, and were billed through May 31, 2015. The reconciliation period includes two months of activity related to the filing for the 2012 adjustments and twelve months related to the filing for the 2013 adjustments including applicable RA amounts.

Ms. Hosty testified that the Statement reconciles the amounts that were expected to be billed April 1, 2014 through May 31, 2015, with the actual amounts recorded for the same period for each service classification and adjustment type. The adjustment types are: Incremental Delivery Service Uncollectible Adjustment (IDUA) and Incremental Gas Supply Service Uncollectible Adjustment (ISUA). The Statement shows the applicable RA amounts for each adjustment type for customers served under S.C. Nos. 1H, 1NH, 2, 4 and 8 for April 1, 2014 through May 31, 2015. It also shows the derivation of each RA amount and provides supporting data for the applicable periods.

Ms. Hosty stated that, as shown on PGL Ex. 1.1, the reconciliation results in a recovery of \$22,084.67 from S.C. No. 1H customers through the IDUA adjustment,

which does not compute to a per customer adjustment, and a refund to S.C. No. 1H sales customers through the ISUA adjustment of \$88,334.77, which is 2 cents per customer. The reconciliation results in a recovery from S.C. No. 1NH customers through the IDUA adjustment of \$7,716.27, which is 1 cent per customer, and a refund to S.C. No. 1NH sales customers through the ISUA adjustment of \$7,720.37, which is 1 cent per customer. The reconciliation results in a recovery from S.C. No. 2 customers through the IDUA adjustment of \$16,321.24, which is 2 cents per customer, and a refund to S.C. No. 2 sales customers through the ISUA adjustment of \$29,011.97, which is 5 cents per customer. The S.C. No. 4 amounts were combined into a single adjustment applicable to both sales and transportation customers. The IDUA and ISUA RA amounts result in a combined net recovery from all S.C. No. 4 customers of \$1,742.59, which is \$1.20 per customer. There were no applicable Rider UEA adjustment amounts to be recovered/refunded for S.C. No. 8 customers during the reconciliation period.

Ms. Hosty stated that the Rider UEA adjustments are included in the customer charge on customers' bills. The RA component amounts, which Peoples Gas will bill September 1, 2015 through May 31, 2016, are per customer adjustments that Peoples Gas filed, along with the 2014 reporting year Rider UEA adjustment amounts that were effective June 1, 2015.

Mr. Baron stated that Section 19-145 of the Public Utilities Act ("Act") directs utilities to pursue minimization of and collection of uncollectibles through several activities. Mr. Baron addressed each of these activities. First, he stated that Peoples Gas' customer information system identifies and tracks outstanding receivables by placing these receivables into proper aging buckets. Second, Peoples Gas uses several methods to contact customers, including bill messages, auto-dialer messages, letters, disconnect notices, field notifications, and collection talk-off (*i.e.*, company agents remind customers calling the call center that their bill is past due and offer to take a payment). Also, on a limited basis, Peoples Gas makes out-bound live agent calls and mails post cards, seasonally, to customers in arrears reminding them of company-sponsored events and Low Income Home Energy Assistance Program ("LIHEAP") availability. Third, Peoples Gas provides customers with information about payment plans, both those required by the Commission's rules and others that are available. Fourth, Peoples Gas serves disconnection notices in accordance with the Commission's rules. Fifth, Peoples Gas implements disconnections based upon write-off risk; the disconnection amounts vary by rate classification. Sixth, the collection schedules incorporated in Peoples Gas' customer information system drive all collection activities from bill messages to disconnect orders based upon predetermined variables. Finally, Peoples Gas takes several actions not listed in the statute, such as using auto-dialer technology to encourage customers to apply for LIHEAP when funding is available; sponsoring community events in the neighborhoods where, in one location, customers can learn about energy conservation, receive conservation kits and apply for LIHEAP; billing and collecting deposits to offset the impact of uncollectibles; using a database to help locate customers in other utility service territories who may have forgotten to pay their final bill; employing three primary collection agencies to collect final receivables before they are written off and four additional agencies to pursue debt post-write-off; and initiating replevin actions to retrieve its meter.

III. STAFF'S POSITION

Ms. Everson testified that she recommended the Commission accept the Company's Annual Reconciliation, as reflected on ICC Staff Ex. 1.0, Schedule 1.1. She stated that Schedule 1.1 is a three-page schedule that presents the reconciliation for uncollectible expenses incurred during the period January 1, 2013 through December 31, 2013 ("Reporting Year") with revenues collected through base rates and Rider UEA for the period April 1, 2014 through May 31, 2015. It summarizes the Uncollectible Expense Reconciliation Adjustments ("Factor RA") for the 2013 Reporting Year by each service type. She described the components of the schedule, in detail.

In conclusion, she recommended that the Commission accept the reconciliation reflected in Schedule 1.1 and include it as an appendix to the Order.

Ms. Howard testified that she reviewed Mr. Baron's testimony concerning the Company's response to the Act's requirement that a utility with a tariff authorized by Section 19-145 pursue minimization of and collection of uncollectibles through a list of six activities. Based on her review, she testified that nothing had come to her attention that the Company's actions in this regard are imprudent or unreasonable. Therefore, she had no recommended determinations for the Commission to make regarding adjustments or suggestions for prospective changes in current practices pursuant to the requirements of Section 19-145.

IV. FINDINGS AND CONCLUSIONS

There are no issues between the parties for the Commission to resolve in this proceeding. Accordingly, based on the record herein, the Commission concludes that Peoples Gas' Rider UEA reconciliation calculations covering the 2013 reporting year and a revenue recovery period of June 1, 2013 through May 31, 2014 (the reconciliation period is April 1, 2014 – May 31, 2015) are accurate and, therefore, the Reconciliation Adjustment summarized in Staff Exhibit 1.0, Schedule 1.1, which is attached hereto as an Appendix, should be approved.

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) The Peoples Gas Light and Coke Company is a corporation engaged in the sale and distribution of natural gas in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over the Company and the subject matter of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the Company's calculations for its Rider UEA reconciliation covering the 2013 reporting year and an April 1, 2014 through May 31, 2015 reconciliation period, are accurate;

- (5) the Company shall refund the net over-recovery of \$77,202 over the nine-month period beginning September 1, 2015; and
- (6) the Company's Rider UEA Reconciliation Adjustment summarized in the Appendix hereto shall be approved.

IT IS THEREFORE ORDERED that the Reconciliation submitted by The Peoples Gas Light and Coke Company under Rider UEA – Uncollectible Expense Adjustment for the 2013 reporting year and an April 1, 2014 through May 31, 2015 reconciliation period, and summarized in the Appendix attached hereto is hereby approved.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Illinois Administrative Code Sec. 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this ____ day of _____, 2016.

(SIGNED) Brien Sheahan
Chairman