STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

THE SOUTHERN COMPANY,	)	
AGL RESOURCES INC., and	)	
NORTHERN ILLINOIS GAS COMPANY	)	
d/b/a NICOR GAS COMPANY	)	
	)	Docket No. 15-0558
Application for Approval of a	)	
Reorganization Pursuant to	)	
Section 7-204 of the Public Utilities Act	)	

Rebuttal Testimony of

HENRY P. LINGINFELTER

Executive Vice President, Distribution Operations
AGL Resources Inc.

On behalf of Joint Applicants

March 3, 2016

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. PURPOSE OF TESTIMONY 1

III. RESPONSE TO STAFF WITNESS PEMBLE 2

IV. RESPONSE TO AG/CUB AFFILIATE CLAIMS 3

V. RESPONSE TO RESA 4

VI. CONCLUSION 5

I. INTRODUCTION

Q. Please state your name and business address.

A. Henry (Hank) P. Linginfelter, 10 Peachtree Place, Atlanta, Georgia 30309.

Q. Are you the same Henry P. Linginfelter who provided direct testimony in this proceeding?

A. Yes. I provided direct testimony on behalf of The Southern Company ("Southern Company"), AGL Resources Inc. ("AGL Resources"), and Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") (collectively the "Joint Applicants").

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond in agreement to the direct testimony of Illinois Commerce Commission ("Commission") Staff ("Staff") witness Bryan Pemble relating to the Joint Applicants' pipeline safety proposals if the proposed transaction between Southern Company and AGL Resources is approved (the "Reorganization"), and to accept Mr. Pemble's proposed condition regarding a Pipeline Safety Management System. I also briefly will address the flaws of the direct testimony filed on behalf of the Office of the Illinois Attorney General ("AG") and the Citizens Utility Board ("CUB") (collectively "AG/CUB") relating to affiliate issues. Finally, I respond to the claims of the Retail Energy Supply Association ("RESA") relating to Nicor Gas' transportation and retail choice programs.

III. RESPONSE TO STAFF WITNESS PEMBLE

Q. What are Mr. Pemble's conclusions regarding the Joint Applicants' pipeline safety proposals if the proposed Reorganization is approved?

A. Other than one recommendation that Mr. Pemble proposes in connection with pipeline safety, Mr. Pemble concludes that he is not aware of any concerns pertaining to Nicor Gas' pipeline safety program in light of the Joint Applicants' testimony that they have "committed to a two year extension of the conditions related to pipeline safety, items 2-7, detailed in Joint Applicants Exhibit 1.2." (Pemble Dir., Staff Ex. 2.0, 7:121-128). For his recommendation, Mr. Pemble asks the Commission to order Nicor Gas to comply with the following merger condition:

> Nicor Gas will work with Pipeline Safety Program Staff to provide more detail regarding when and how Nicor Gas will implement a Pipeline Safety Management System, in line with American Petroleum Institute Recommended Practice 1173, in order to improve Nicor Gas' ability to recognize and react to the requirements of 49 CFR 192 and move beyond minimum efforts to simply achieve compliance towards a true safety culture.

(*Id*. at 14:303-311).

Q. What is the Joint Applicants' response to Mr. Pemble's recommendation regarding a Pipeline Safety Management System?

A. As an initial matter, I note that the provision of safe and reliable gas service to customers is of paramount importance to the Joint Applicants, and AGL Resources and Nicor Gas have a history of doing so. With respect to Mr. Pemble's recommendation, I note that gas utilities are not required to meet the recommendations of the American Pipeline Institute's ("API") Recommended Practice ("RP") 1173. Nonetheless, the Joint Applicants recognize that there are benefits associated with development and

implementation of a Pipeline Safety Management System or equivalent program. To that end, Nicor Gas and AGL Resources personnel actively participated in the Pipeline and Hazardous Materials Safety Administration / Industry workshops and teams through the development and publication of the API RP 1173. For all these reasons, the Joint Applicants accept Mr. Pemble's proposed condition as set forth above and reflected on Joint Applicants Exhibit 4.1 attached to the rebuttal testimony of Joint Applicants witness Art Beattie.

IV. RESPONSE TO AG/CUB AFFILIATE CLAIMS

Q. What is the Joint Applicants' response to the claims of AG/CUB witnesses Patrick Hurley and Patricia Leiser regarding affiliate company products and services? (AG/CUB Exs. 2.0 and 3.0).

A. I understand from counsel that such claims should not be considered in a docket such as the present one brought under Section 7-204 of the Public Utilities Act (the "Act"). Among other more appropriate contexts, I am informed that the Commission previously has considered in rulemaking proceedings the use of a utility's name and logo in connection with affiliate products and services. For example, Section 550.30(b) of the Commission's rules states that there is no prohibition on "an affiliated interest in competition with [alternative retail gas suppliers] from using the corporate name or logo of a gas utility or gas utility holding company." 83 Ill. Adm. Code § 550.30(b). In such other contexts, consideration of the issue appropriately would not be limited to Nicor Gas and its affiliates. I further am advised by counsel that there are numerous legal flaws associated with the AG/CUB affiliate claims, which the Joint Applicants will address in

briefs. For these reasons, the Commission should reject the AG/CUB affiliate claims in making the required findings under Section 7-204 and approving the Reorganization.

V. RESPONSE TO RESA

Q. In direct testimony, you addressed Nicor Gas' transportation and retail choice programs and the fact that there will be no changes to these programs as a result of the Reorganization. (Linginfelter Dir., Joint Applicants Ex. 2.0, 12:262-14:304). How did RESA respond to your testimony on this point?

A. RESA witness Joseph Oliker asserts that the proposed Reorganization "will have a significant adverse effect on competition in the gas markets of Nicor Gas" unless the Commission requires Nicor Gas to "maintain and improve" these existing programs as conditions to approval of the Reorganization. (Oliker Dir., RESA Ex. 1.0, 3:49-52, 9:169-188). Mr. Oliker specifies six purported "improvements" that RESA seeks to have imposed as conditions. (*Id*. at 9:174-188).

Q. What is the Joint Applicants' response to RESA's assertion?

A. RESA's assertion that the Reorganization will adversely impact competition is without merit and should be rejected. I reiterate my direct testimony that the Reorganization will not have a significant adverse effect on competition as there will be no changes to Nicor Gas' tariffs or procedures governing its natural gas transportation or retail choice programs as a result of the Reorganization. (Linginfelter Dir., Joint Applicants Ex. 2.0, 12:262-14:304). Importantly, Staff reviewed my direct testimony and discovery provided in this proceeding and agreed that the proposed Reorganization will not harm competition. In particular, Staff witness David Sackett concluded that the proposed

Reorganization will not harm competition and he recommended that the Commission make a finding to that effect as required by Section 7-204(b)(6) of the Act. (Sackett Dir., Staff Ex. 3.0, 6:113-7:135).

The Commission also should reject RESA's request for a commitment to maintain the transportation and retail choice programs "other than for legal or regulatory changes that are not initiated by the Joint Applicants prior to or after closing." (Oliker Dir., RESA Ex. 1.0, 4:56-59). Any such commitment or condition would unnecessarily restrain Nicor Gas' operations and ignore the flexibility that Nicor Gas must have to react and respond to operational and safety concerns on its system.

Finally, similar to the AG/CUB affiliate claims, I understand from counsel that RESA's request for specific changes to Nicor Gas' transportation and retail choice programs, whether through tariff changes or otherwise, should not be considered in this docket brought under Section 7-204 of the Act. I am informed that a more appropriate context would be a tariff proceeding in which all interested stakeholders would have an opportunity to submit evidence regarding proposed tariff changes.

VI. CONCLUSION

Q. Does this conclude your rebuttal testimony?

A. Yes.