

DIRECT TESTIMONY
OF
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POLICY DIVISION
ILLINOIS COMMERCE COMMISSION

INVESTIGATION INTO COMPLIANCE WITH THE EFFICIENCY STANDARD REQUIREMENT OF
SECTION 8-104 OF THE PUBLIC UTILITIES ACT.

NORTHERN ILLINOIS GAS COMPANY D/B/A NICOR GAS COMPANY

ICC DOCKET No. 15-0297

JUNE 24, 2016

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
	A. WITNESS QUALIFICATIONS.....	1
	B. PURPOSE	2
	C. IDENTIFICATION OF ATTACHMENTS.....	3
II.	NICOR GAS: GOALS, ACHIEVEMENTS	3
III.	DCEO: GOALS, ACHIEVEMENTS.....	5
IV.	COST-EFFECTIVENESS.....	5
V.	CONCLUSION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS	6

ATTACHMENTS

STAFF EXHIBIT 1.1 – SUMMARY OF ENERGY SAVINGS GOALS AND EVALUATOR VERIFIED SAVINGS ACHIEVEMENTS IN THE NICOR GAS SERVICE TERRITORY FOR THE PERIOD, JUNE 1, 2011 – MAY 31, 2014, GAS PLAN 1

1 **I. INTRODUCTION**

2 **A. WITNESS QUALIFICATIONS**

3 **Q. Please state your name, business address, and job title.**

4 A. My name is Jennifer H. Morris. My business address is 527 East Capitol Avenue,
5 Springfield, Illinois 62701. I am employed as an Economic Analyst in the Policy
6 Division of the Bureau of Public Utilities at the Illinois Commerce Commission (“ICC”
7 or “Commission”).

8 **Q. What are your responsibilities within the Commission’s Policy Division?**

9 A. My work with the Commission primarily focuses on energy efficiency. I monitor,
10 review, and analyze filings and participate as a witness and case manager as
11 assigned in docketed Commission proceedings. I review compliance filings and
12 various reports from utilities. I offer testimony to the Commission on various
13 energy efficiency issues such as compliance with energy savings goals, energy
14 efficiency plan filings, and energy efficiency rider reconciliations. I monitor the
15 independent evaluation process for the Illinois Program Administrators’¹ energy
16 efficiency programs. I participate in the Illinois energy efficiency Stakeholder
17 Advisory Group (“SAG”), various SAG subcommittees, and the Illinois Net-to-
18 Gross Working Group. I participate in the annual update process for the Illinois
19 Statewide Technical Reference Manual for Energy Efficiency.

¹ Program Administrators refers to the Illinois Department of Commerce and Economic Opportunity and the utilities offering energy efficiency programs pursuant to Sections 8-103, 8-104, and/or 16-111.5B of the Illinois Public Utilities Act.

20 **Q. Please describe your educational background.**

21 A. I graduated from Illinois State University with a Master of Science degree in Applied
22 Economics with a specialization in the Electricity, Natural Gas, and
23 Telecommunications Economics Regulatory sequence in May of 2010. I earned a
24 Bachelor of Arts degree in Economics with a Financial Certificate and graduated
25 summa cum laude from the University Honors Program at Armstrong State University
26 in Savannah, Georgia in May of 2008.

27 **Q. Please describe your professional experience prior to your employment at the**
28 **ICC.**

29 A. Prior to joining the Commission Staff ("Staff") in April of 2010, I worked as a
30 Graduate Assistant in the Applied Economics Department at Illinois State
31 University. I was an intern in the Regulatory Department at AT&T Illinois in
32 Chicago during the summer of 2009. During my time at AT&T, I compiled and
33 analyzed data and provided detailed recommendations on AT&T Illinois'
34 Alternative Regulation Plan on individual service margins. In addition, I reviewed
35 the tariffing process and assisted in the filing of wholesale tariffs.

36 **B. PURPOSE**

37 **Q. What is the purpose of this proceeding?**

38 A. The purpose of this proceeding is to review whether Northern Illinois Gas Company
39 d/b/a Nicor Gas Company ("Nicor Gas" or "Company") and the Illinois Department
40 of Commerce and Economic Opportunity ("DCEO" or "Department") have each
41 met its respective energy savings goal set forth in Section 8-104 of the Illinois

42 Public Utilities Act (“Act”) in a cost-effective manner for the gas Plan 1 time period,
43 which runs from June 1, 2011 through May 31, 2014. Illinois Commerce Comm’n
44 v. Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Initiating Order Docket No.
45 15-0297, 1 (Apr. 22, 2015).

46 **Q. What is the purpose of your direct testimony?**

47 A. The purpose of my direct testimony is to address whether Nicor Gas and DCEO have
48 met their respective energy savings goals in a cost-effective manner for gas Plan 1,
49 and whether the overall Section 8-104(c)(3) statutory energy savings goal has been
50 met in the Nicor Gas service territory for gas Plan 1.

51 **C. IDENTIFICATION OF ATTACHMENTS**

52 **Q. Are you sponsoring any exhibits with your direct testimony?**

53 A. Yes, Staff Ex. 1.1 will be referenced throughout this testimony.

- 54 • Staff Ex. 1.1 – Summary of Energy Savings Goals and Evaluator Verified Savings
55 Achievements in the Nicor Gas Service Territory for the period, June 1, 2011 – May
56 31, 2014, Gas Plan 1.

57 **II. NICOR GAS: GOALS, ACHIEVEMENTS**

58 **Q. What is Nicor Gas’ Plan 1 energy savings goal?**

59 A. I estimate Nicor Gas’ Plan 1 energy savings goal to be 40,067,268 therms. (Staff
60 Ex. 1.1, 2.)

61 **Q. Did Nicor Gas meet its portion (80%) of the statutory energy savings goal set**
62 **forth in Section 8-104(c) or its Plan 1 energy savings goal of 40,067,268**
63 **therms?**

64 A. Yes. The independent evaluator estimates that Nicor Gas' energy efficiency
65 programs implemented during Plan 1 achieved savings of 49,218,260 net therms.
66 (Staff Ex. 1.1, 3.) Based upon my review of the evaluations, I believe the
67 evaluator's reported savings provides a reasonable estimate of the net energy
68 savings achieved as a result of Nicor Gas' energy efficiency programs during Plan
69 1. Therefore, I recommend the Commission find that Nicor Gas has met the gas
70 efficiency standard specified in Section 8-104(c) of the Act, as modified by
71 subsections (d) and (e), for purposes of gas Plan 1.

72 **Q. Does your recommendation mean that you are endorsing every evaluation**
73 **methodology contained within the various evaluation reports filed in this**
74 **proceeding?**

75 A. No. I believe that collectively the evaluations filed provide a reasonable estimate
76 of the net savings achieved for purposes of gas Plan 1 and this proceeding. I do
77 not contest any particular evaluation methodology in my testimony here because
78 doing so would not change the resultant outcome. My decision not to challenge
79 any evaluation methodology has been made in the interest of administrative
80 efficiency and should not be construed as an endorsement of such methods in this
81 or future proceedings, or foreclose Staff from contesting such evaluation
82 methodologies in the future if appropriate.

83 **III. DCEO: GOALS, ACHIEVEMENTS**

84 **Q. What is DCEO's Plan 1 energy savings goal in the Nicor Gas service territory?**

85 A. I estimate DCEO's Plan 1 energy savings goal in the Nicor Gas service territory to
86 be 10,016,817 therms. (Staff Ex. 1.1, 2.)

87 **Q. Did DCEO meet its gas Plan 1 energy savings goal of 10,016,817 therms in the**
88 **Nicor Gas service territory?**

89 A. No. The independent evaluator reports that DCEO achieved savings of 4,559,873
90 net therms in the Nicor Gas service territory for gas Plan 1. (Staff Ex. 1.1, 3.)
91 Pursuant to the provisions of Section 8-104(e), DCEO provides proposed
92 modifications to its Plan as a result of the evaluator's recommendations in DCEO
93 Ex. 1.2. In my opinion, DCEO's proposed modifications to its Plan as set forth in
94 DCEO Ex. 1.2 are reasonable and implementation of such modifications should
95 help improve the DCEO efficiency programs going forward.

96 **IV. COST-EFFECTIVENESS**

97 **Q. Were the energy efficiency portfolios implemented during gas Plan 1 by Nicor**
98 **Gas and DCEO cost-effective?**

99 A. Yes. Based upon a review of the total resource cost ("TRC") test cost-
100 effectiveness reports filed in this proceeding and various work papers supporting
101 those analyses, I conclude that the energy efficiency portfolios administered by
102 Nicor Gas and DCEO, in aggregate, and even including the low income programs,
103 produced a TRC ratio above 1.0, meaning they are cost-effective and are expected
104 to produce positive net benefits for ratepayers.

105 **V. CONCLUSION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS**

106 **Q. Please summarize your findings and recommendations.**

107 A. Nicor Gas and DCEO in combination achieved a cumulative total savings of
108 53,778,132 net therms, which exceeds the overall Section 8-104(c)(3) statutory
109 energy savings goal of 50,084,085 therms in the Nicor Gas service territory for gas
110 Plan 1. (Staff Ex. 1.1, 1.) Nicor Gas met its energy savings goal in a cost-effective
111 manner for gas Plan 1. DCEO did not meet its energy savings goal in the Nicor
112 Gas service territory for gas Plan 1. DCEO's proposed modifications to its Plan as
113 set forth in DCEO Ex. 1.2 are reasonable. Accordingly, I recommend the
114 Commission find that Nicor Gas has cost-effectively met the gas efficiency
115 standard specified in Section 8-104(c) of the Act, as modified by subsections (d)
116 and (e). I recommend the Commission find that the DCEO has not met the
117 Department's share of the gas efficiency standard specified in Section 8-104(e) in
118 the Nicor Gas service territory. Pursuant to the provisions of Section 8-104(e), I
119 recommend the Commission approve DCEO's proposed modifications to its Plan
120 as summarized in DCEO Ex. 1.2.

121 Finally, I recommend the Commission find that the energy efficiency portfolios
122 administered by Nicor Gas and DCEO, in aggregate, and even including the low
123 income programs, are cost-effective and expected to produce positive net benefits
124 for ratepayers.

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

126 A. Yes.

Summary of Energy Savings Goals and Evaluator Verified Savings Achievements in the Nicor Gas Service Territory for the period, June 1, 2011 – May 31, 2014, Gas Plan 1.

Table 1. Nicor Gas Service Territory Gas Plan 1 Savings Goals and Savings Achievements			
	Gas Plan 1, Nicor Gas Service Territory	Gas Plan 1, June 1, 2011 - May 31, 2014	Source
(a)	Section 8-104(c) Cumulative Gas Plan 1 Savings Requirement	1.20%	220 ILCS 5/8-104(c)(3).
(b)	Section 8-104(c) Cumulative Gas Plan 1 Savings Requirement - Nicor Gas Territory (Therms)	50,084,085	Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(c)=(f)+(i)	Total Cumulative Savings Achieved by Nicor Gas and DCEO (First-Year Therms)	53,778,132	See Staff Ex. 1.1, p. 3, Table 3.
(d)=(c)/(b)	% Section 8-104(c) Savings Goal Achieved in Nicor Gas Service Territory for Gas Plan 1	107%	
(e)=(b)x80%	Nicor Gas Plan 1 Therm Savings Goal	40,067,268	220 ILCS 5/8-104(e); <u>Northern Illinois Gas Co. d/b/a Nicor Gas Co.</u> , ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(f)	Nicor Gas Net Therm Savings	49,218,260	See Staff Ex. 1.1, p. 3, Table 3; Nicor Gas Ex. 1.0, p. 7.
(g)=(f)/(e)	% Savings Goal Achieved by Nicor Gas	123%	
(h)=(b)x20%	DCEO Plan 1 Therm Savings Goals - Nicor Territory	10,016,817	220 ILCS 5/8-104(e); <u>Northern Illinois Gas Co. d/b/a Nicor Gas Co.</u> , ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(i)	DCEO Net Therm Savings - Nicor Territory	4,559,873	See Staff Ex. 1.1, p. 3, Table 3; DCEO Ex. 1.0, p. 5.
(j)=(i)/(h)	% Savings Goal Achieved by DCEO - Nicor Territory	46%	

Notes: All therm savings reported are first-year incremental net therm savings.

Table 2. Nicor Gas Service Territory Gas Plan Years 1-3 Savings Goals and Achievements for Gas Plan 1

	Gas Plan 1, Nicor Gas Service Territory	GPY1 (6/1/11-5/31/12)	GPY2 (6/1/12-5/31/13)	GPY3 (6/1/13-5/31/14)	Gas Plan 1 (6/1/11-5/31/14)	Source
(a)	Incremental Annual Net Therm Savings Requirement in Nicor Gas Territory	8,352,269	16,704,538	25,027,279	50,084,085	Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(b)=(a)x80%	Nicor Gas Plan 1 Incremental Therm Savings Goals	6,681,815	13,363,630	20,021,823	40,067,268	220 ILCS 5/8-104(e); Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(c)=(a)x20%	DCEO Plan 1 Incremental Therm Savings Goals - Nicor Territory	1,670,454	3,340,908	5,005,456	10,016,817	220 ILCS 5/8-104(e); Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Final Order Docket No. 14-0028 Appendix A (June 17, 2014).
(d)=(f)+(h)	Total Cumulative Savings Achieved by Nicor Gas and DCEO (First-Year Therms)	5,532,024	13,101,043	35,145,065	53,778,132	See Staff Ex. 1.1, p. 3, Table 3.
(e)=(d)/(a)	% Section 8-104(c) Savings Goal Achieved in Nicor Gas Service Territory for Gas Plan 1	66%	78%	140%	107%	
(f)	Total Net Therm Savings Nicor Gas Portfolio	4,591,713	11,538,129	33,088,417	49,218,260	See Staff Ex. 1.1, p. 3, Table 3.
(g)=(f)/(b)	% Savings Goal Achieved by Nicor Gas	69%	86%	165%	123%	
(h)	Total Net Therm Savings DCEO Portfolio - Nicor Service Territory	940,311	1,562,913	2,056,648	4,559,873	See Staff Ex. 1.1, p. 3, Table 3.
(i)=(h)/(c)	% Savings Goal Achieved by DCEO - Nicor Territory	56%	47%	41%	46%	

Note: Gas Plan Year ("GPY"). All therm savings reported are first-year incremental net therm savings.

Table 3. Program Savings Nicor Gas Service Territory Gas Plan Years 1-3					
Gas Plan 1, Nicor Gas Service Territory	GPY1 (6/1/11-5/31/12)	GPY2 (6/1/12-5/31/13)	GPY3 (6/1/13-5/31/14)	Gas Plan 1 (6/1/11-5/31/14)	Source
Nicor Programs	Net Therms	Net Therms	Net Therms	Net Therms	
Home Energy Efficiency Rebates, Heating and Appliance Incentive	1,098,827	1,972,464	3,909,493	6,980,784	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Energy Saving Kits	0	0	2,034,036	2,034,036	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 27, Table 3-8.
Home Energy Savings, Single Family Retrofit and Direct Install	94,067	235,554	339,937	669,558	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Multi-Family Home Energy Savings, Multi-Family Retrofit and Direct Install	957,960	602,948	4,735,559	6,296,467	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Residential New Construction	0	176,240	186,046	362,286	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 26-27, Tables 3-7, 3-8.
Elementary Energy Education	86,285	258,874	341,714	686,873	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Behavioral Energy Savings, Energy Buzz (GPY2), Home Energy Reports (GPY3)	0	20,722	4,111,100	4,131,822	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 26-27, Tables 3-7, 3-8.
Business Energy Efficiency Rebates, Business Incentive	1,272,009	2,406,535	9,225,577	12,904,121	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Business Custom Incentives, Custom Business	800,451	3,069,901	4,251,356	8,121,708	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Economic Redevelopment	714	78,654	59,422	138,791	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Retro-Commissioning	150,795	411,189	985,599	1,547,583	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Small Business Energy Savings, Small Business Direct Install	109,353	2,143,013	2,780,216	5,032,582	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Business New Construction	21,252	156,893	128,362	306,507	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 25-27, Tables 3-6, 3-7, 3-8.
Emerging Technology	0	5,142	0	5,142	Nicor Gas Plan Years 1-3 Summary Evaluation Report (Feb. 23, 2016), p. 6, Table 1-5.
Total Net Therm Savings Nicor Gas Portfolio	4,591,713	11,538,129	33,088,417	49,218,260	Nicor Gas Evaluation Reports were filed in ICC Docket No. 15-0297 on February 26, 2016 and May 23, 2016. Savings Total also matches Nicor Gas Ex. 1.0, p. 6, filed in ICC Docket No. 15-0297 on February 26, 2016.
DCEO Programs - Nicor Territory	GPY1	GPY2	GPY3	Plan 1 Therms	
Public Sector Custom	209,068	336,331	960,704	1,506,103	GPY1 DCEO Public Sector C&S CN, p. ES-4, Table ES-6; GPY2 DCEO Public Sector C&S CN, p. 1-4; EPY6/GPY3 DCEO Cost Effectiveness Report, p. 7.
Public Sector Standard (Prescriptive)	31,342	295,033	80,848	407,223	GPY1 DCEO Public Sector C&S CN, p. ES-4, Table ES-7; GPY2 DCEO Public Sector C&S CN, p. 1-4; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Public Sector New Construction	8,227	42,712	33,942	84,881	GPY1 DCEO Public Sector C&S CN, p. ES-4, Table ES-8; GPY2 DCEO Public Sector C&S CN, p. 1-4; EPY6/GPY3 DCEO Cost Effectiveness Summary Report, p. 7, Table 3.
Public Sector Retro-Commissioning	0	285,671	220,828	506,499	GPY2 DCEO Public Sector Retro-Commissioning, p. ES-1; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Public Sector Boiler Tune-Up	550,126	91,376	175,987	817,489	GPY1 DCEO Public Sector Boiler Tune-Up, p. ES-1, Table ES-1; GPY2 DCEO Public Sector Boiler Tune-Up, p. ES-1; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Green Nozzle	0	111,847	89,418	201,265	GPY2 DCEO Green Nozzle and STEP - Direct Install Programs (June 2014), p. ES-2, Table ES-2; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Savings Through Energy Efficient Products (STEP)	0	2,433	77,859	80,292	GPY3 DCEO STEP and Green Nozzle (May 2015), p. ES-3, Table ES-4; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Smart Energy Design Assistance (SEDAC)	4,061	57,408	7,365	68,834	GPY2 DCEO SEDAC (March 2015), p. ES-2, Table ES-3; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Building Operator Certification	167	5,163	58	5,389	GPY1 DCEO Building Operator Certification, p. ES-3, Table ES-5; GPY2 DCEO Building Operator Certification, p. ES-3; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Low Income Residential Retrofit	70,304	229,655	246,521	546,480	GPY1 DCEO Low Income Residential Retrofit, p. ES-2, Table ES-2; GPY2 DCEO Low Income Residential Retrofit, p. ES-2; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Low Income Affordable Housing Construction	11,934	11,649	19,820	43,403	GPY1 DCEO Affordable Housing Construction, p. ES-1, Table ES-2; GPY2 DCEO Affordable Housing Construction (March 2015), p. ES-2; EPY6/GPY3 DCEO Cost Effectiveness Report (March 2016), p. 7, Table 3.
Low Income Public Housing Authority	55,082	93,635	143,298	292,015	GPY1 DCEO Public Housing Authority (Oct. 2013), p. ES-1, Table ES-2; GPY2 DCEO Public Housing Authority, p. ES-1; EPY6/GPY3 DCEO Cost Effectiveness Report, p. 7.
Total Net Therm Savings DCEO Portfolio - Nicor Service Territory	940,311	1,562,913	2,056,648	4,559,873	DCEO Evaluation Reports were filed in ICC Docket No. 15-0297 on May 19, 2016, May 20, 2016, and May 27, 2016. Program Year Savings Totals also match DCEO Ex. 1.0, p. 5, filed in ICC Docket No. 15-0297 on March 14, 2016.
Total Incremental Net Therm Savings Nicor Gas Territory	5,532,024	13,101,043	35,145,065	53,778,132	

Note: Gas Plan Year ("GPY"). All therm savings reported are first-year incremental net therm savings. Totals may appear slightly off due to rounding.