

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

NORTHERN ILLINOIS GAS COMPANY)
d/b/a NICOR GAS COMPANY)
) Docket No. 16-0XXX
Application pursuant to Section 8-104 of the)
Public Utilities Act for Consent to and)
Approval of an Energy Efficiency Plan)

Direct Testimony of

KRISTI M. SIMKINS

Specialist, Energy Efficiency Planning & TRM

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

September 1, 2016

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1 **I. INTRODUCTION**

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

3 A. My name is Kristi M. Simkins. My business address is 1844 Ferry Road, Naperville,
4 Illinois, 60563.

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

6 A. I am a Specialist for Energy Efficiency Planning and the Technical Reference Manual
7 (“TRM”) for Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas” or
8 the “Company”).

9 **II. BACKGROUND AND EXPERIENCE**

10 **Q. What are your duties in your position as a Specialist?**

11 A. I am responsible for: (1) research and analysis related to Nicor Gas’s Energy Efficiency
12 Plan (“EEP” or “Plan”); and (2) research and analysis related to energy efficiency
13 measures and the TRM.

14 **Q. Please summarize your education background and experience.**

15 A. I have a Bachelor’s of Science, majoring in Economics and English, from Illinois State
16 University, and a Master’s of Science in Applied Economics from Illinois State
17 University. In July 2015, I assumed my current role at Nicor Gas. Prior to joining Nicor
18 Gas, I was employed by San Diego Gas & Electric Company from November 2013 until
19 July of 2015 as a Business/Economics Advisor. Earlier in my career, I was employed as
20 a Financial Analyst.

21 **III. ITEMIZED ATTACHMENTS**

22 **Q. Are there any exhibits to your testimony?**

23 A. Yes. I am sponsoring, and have attached hereto, two exhibits:

- 24 • Nicor Gas Exhibit 3.1 – Determination of Three Year Rate Increase Cap; and
- 25 • Nicor Gas Exhibit 3.2 – Summary of Estimated Energy Efficiency Program Costs
26 and charges by Rate Class.

27 **IV. PURPOSE OF TESTIMONY**

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

29 A. The purpose of my testimony is to present the following: (1) Nicor Gas’ estimated
30 revenues over the three years that Nicor Gas’ third EEP (“Plan 3”) will be effective from
31 June 1, 2017 to May 31, 2020 (Nicor Gas Ex. 3.1); and (2) to provide an estimate of the
32 cost impact on customers over the three years of Plan 3 (Nicor Gas Ex. 3.2).

33 **V. ESTIMATED THREE-YEAR BUDGET LIMIT**

34 **Q. What is the purpose of presenting an estimate of revenues for Nicor Gas over the
35 effective period of Plan 3?**

36 A. The revenues provide the basis for determining a 2% budget cap on the proposed EEP
37 programs.

38 **Q. What are you referring to with respect to a 2% budget cap?**

39 A. Section 8-104(d) of the Public Utilities Act (the “Act”) states in pertinent part as follows:

40 ...a natural gas utility shall limit the amount of energy efficiency
41 implemented in any 3-year reporting period established in
42 subsection (f) of Section 8-104 of this Act, by an amount necessary
43 to limit the estimated average increase in the amounts paid by
44 retail customers in connection with natural gas service to no more
45 than 2% in the applicable 3-year reporting period.

46 220 ILCS 5/8-104(d). Nicor Gas estimates the Plan 3 reporting period 2% budget cap to
47 be \$120 million.

48 **Q. How was the \$120 million three-year budget cap determined?**

49 A. The attached Nicor Gas Exhibit 3.1 shows the determination of the \$120 million figure.
50 It begins with the Company's estimated total revenues for 2017, 2018, and 2019 and then
51 subtracts the revenues not related to natural gas service, as well as revenue expected to be
52 received from non-participating customers as determined under Section 8-104(m).
53 Added to this amount is an imputed amount of revenue related to gas commodity costs
54 that customers served by certified Alternative Retail Gas Suppliers under Nicor Gas'
55 Customer Select small-customer choice program would have paid to their suppliers. The
56 gas commodity costs were determined by multiplying the estimated 2017, 2018, and 2019
57 monthly Customer Select deliveries by Nicor Gas' estimated Rider 6 charge, which is the
58 Gas Supply Cost, for each corresponding month and then summing to determine the total
59 commodity cost of \$179.6 million in 2017, \$183.1 million in 2018, and \$186.6 million in
60 2019. Taxes were then added to determine the total imputed cost of \$185.3 million in
61 2017, \$189.0 million in 2018, and \$192.5 million in 2019. Total revenues of \$1,952
62 million in 2017, \$2,003 million in 2018, and \$2,051 million in 2019 were then multiplied
63 by 2% to determine the total three-year budget cap of \$39.0 million in 2017, \$40.1
64 million in 2018, and \$41.0 million in 2019, respectively, for a total three-year budget cap
65 of \$120 million.

66 **Q. Is Nicor Gas responsible for spending all the available funding?**

67 A. No. As set forth in Section 8-104(e) of the Act, Nicor Gas is allocated 75% of the
68 available budget (\$90 million) and the Illinois Department of Commerce and Economic

69 Opportunity (the “Department”) is allocated the remaining 25% of the available budget
70 (\$30 million).

71 **VI. ESTIMATED COST RECOVERY CHARGES**

72 **Q. Section 8-104(f)(3) of the Act requires Nicor Gas to “...present estimates of the total**
73 **amount paid for gas service expressed on a per therm basis associated with the**
74 **proposed portfolio of measures....” 220 ILCS 5/8-104(f)(3). Has such a calculation**
75 **been performed?**

76 A. Yes. Nicor Gas Exhibit 3.2 shows the average estimated per therm cost for the customer
77 classes to which the Energy Efficiency Plan Charge (“EEP Charge”) applies under the
78 Company’s Rider 30, Energy Efficiency Plan Cost Recovery. In total, the average cost
79 per therm for the measures is \$0.0097 in Plan Year (“PY”) 7, \$0.0099 in PY8, and
80 \$0.0102 in PY9. Nicor Gas excluded Section 8-104(m) customers from the calculation of
81 the estimated per therm cost.

82 There will be three customer classes that receive the EEP Charge—Residential,
83 Small Non-Residential, and Large Non-Residential. The Residential class includes all
84 the Company’s customers receiving service under Rate 1. The Small Non-Residential
85 class includes customers receiving service from Nicor Gas under Rates 4, 5, 74, and 75.
86 The Large Non-Residential class includes customers receiving service from Nicor Gas
87 under Rates 6, 7, 17, 19, 76, and 77.

88 The EEP Charge for the Residential class is estimated to be \$0.0100 in PY7,
89 \$0.0102 in PY8, and \$0.0104 in PY9. The EEP Charge for the Small Non-Residential
90 class is estimated to be \$0.0087 in PY7, \$0.0088 in PY8, and \$0.0089 in PY9. The EEP

91 Charge for the Large Non-Residential class is estimated to be \$0.0125 in PY7, \$0.0128 in
92 PY8, and \$0.0164 in PY9.

93 **VII. CONCLUSION**

94 **Q. Does this conclude your direct testimony?**

95 **A. Yes.**