

Docket No: 16-0193
16-0194 (Cons.)
R.O.M.: 11/22/16
Deadline: N/A

MEMORANDUM

TO: The Commission
FROM: Terrance A. Hilliard, Administrative Law Judge
DATE: October 26, 2016
SUBJECT: North Shore Gas Company

Petition pursuant to Rider VBA of Schedule of Rates for Gas Service to Initiate a Proceeding to Determine the Accuracy of the Rider VBA Reconciliation Statement.

The Peoples Gas Light and Coke Company

Petition pursuant to Rider VBA of Schedule of Rates for Gas Service to Initiate a Proceeding to Determine the Accuracy of the Rider VBA Reconciliation Statement.

RECOMMENDATION: Adopt the Order approving the Reconciliation

I. PROCEDURAL HISTORY

On March 18, 2016, North Shore Gas Company (“North Shore”) and The Peoples Gas Light and Coke Company (“Peoples Gas”) (together, the “Utilities” or “Companies”) each filed Petitions to initiate an annual reconciliation proceeding to determine the accuracy of the statement that each utility submitted pursuant to Rider VBA of its Schedule of Rates for Gas Service (“Rider VBA”).

On April 15, 2016, and May 12, 2016, the Office of the Illinois Attorney General entered appearances. On September 7, 2016, the Administrative Law Judge consolidated the dockets.

An evidentiary hearing was held on September 20, 2016. Admitted into the record, by affidavit, were direct testimony and exhibits on behalf of each of North Shore (NSG Exs. 1.0 and 1.1) and Peoples Gas (PGL Exs. 1.0 and 1.1). Also admitted into the record, by affidavit, was the Direct Testimony of Theresa Ebrey. At the conclusion of the hearing, the record was closed. On October 21, 2016, North Shore and Peoples Gas filed an agreed form of draft proposed order.

II. ISSUE

A. Whether the uncontested VBA reconciliation for the Utilities is supported by the evidence.

North Shore's and Peoples Gas' Schedule of Rates for Gas Service each include Rider VBA, Volume Balancing Adjustment. The Commission approved a permanent version of Rider VBA in its Order in North Shore Gas Co., et al., Docket Nos. 11-0280/11-0281 (cons.). The reconciliation period at issue is January 1, 2015, through December 31, 2015.

The Company presented evidence that the annual adjustment component for 2015 for North Shore's S.C. No. 1 Heating customers is a refund of \$205,605.22 and the RA component is a refund of \$311,545.03, resulting in a total refund amount of \$517,150.25. This results in a 0.52 cents per therm credit for S.C. No. 1 Heating customers over the nine-month period beginning April 1, 2016. NSG Ex. 1.0 at 9; NSG Ex. 1.1. The annual adjustment component for 2015 for North Shore's S.C. No. 1 Non-Heating customers is a recovery of \$2,507.83 and the RA component is a recovery of \$46.45, resulting in a total recovery amount of \$2,554.28. This results in a 1.61 cents per therm charge for S.C. No. 1 Non-Heating customers over the nine-month period beginning April 1, 2016. NSG Ex. 1.0 at 9-10; NSG Ex. 1.1.

Similarly, the annual adjustment component for 2015 for North Shore's S.C. No. 2 customers is a refund of \$498,234.98 and the RA component is a refund of \$28,178.71, resulting in a total refund amount of \$526,413.69. This results in a 0.97 cents per therm credit for S.C. No. 2 customers over the nine-month period beginning April 1, 2016. NSG Ex. 1.0 at 10; NSG Ex. 1.1.

The annual adjustment component for 2015 for Peoples Gas' S.C. No. 1 Heating customers is a recovery of \$226,021.99 and the RA component is a refund of \$1,917,349.97, resulting in a total refund amount of \$1,691,327.98. This results in a 0.47 cents per therm credit for S.C. No. 1 Heating customers over the nine-month period beginning April 1, 2016. PGL Ex. 1.0 at 9; PGL Ex. 1.1. The annual adjustment component for 2015 for Peoples Gas' S.C. No. 1 Non-Heating customers is a recovery of \$167,594.67 and the RA component is a recovery of \$218.68, resulting in a total recovery amount of \$167,813.35. This results in a 2.83 cents per therm charge for S.C. No. 1 Non-Heating customers over the nine-month period beginning April 1, 2016. PGL Ex. 1.0 at 9-10; PGL Ex. 1.1.

Finally, the annual adjustment component for 2015 for Peoples Gas' S.C. No. 2 customers is a refund of \$2,616,132.89 and the RA component is a refund of \$543,749.13, resulting in a total refund amount of \$3,159,882.02. This results in a 0.87 cents per therm credit for S.C. No. 2 customers over the nine-month period beginning April 1, 2016. PGL Ex. 1.0 at 10; PGL Ex. 1.1.

The Utilities each also filed data showing their rates of return (“ROR”) and their returns on equity (“ROE”) with and without Rider VBA. Those data indicate that the Companies’ ROR and ROE are slightly higher because of Rider VBA than they would be without it.

Staff agreed with the Utilities’ witness and did not recommend any adjustments. Staff noted that Rider VBA increased North Shore’s 2015 ROR and ROE by three basis points and thirty basis points, respectively and Peoples Gas’ 2015 ROR and ROE by 6 basis points and twenty-one basis points, respectively. Staff also noted that both North Shore and Peoples Gas earned in excess of the ROR and ROE authorized in the Commission’s Docket Nos. 14-0224/14-0225 order. The AG did not object to the reconciliation.

III. CONCLUSION

The Order adopts Staff’s recommendation and accepts the Utilities’ determination of the adjustments for 2015 and the accuracy of the statements pursuant to Rider VBA. I recommend that the Commission approve the Order.

TAH:fs