

DIRECT TESTIMONY  
OF  
STEVEN A.J. CIANFARINI  
ENGINEERING DEPARTMENT  
ENERGY DIVISION  
ILLINOIS COMMERCE COMMISSION

CONSUMERS GAS COMPANY

DOCKET NO. 01-0699

JULY 16, 2002

1 Q. Please state your name and business address.

2 A. My name is Steven A.J. Cianfarini and my business address is Illinois  
3 Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois  
4 62701.

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

6 A. I am employed by the Illinois Commerce Commission (“Commission”) as a  
7 Senior Energy Engineer in the Engineering Department of the Energy  
8 Division.

9 Q. Please state your educational background.

10 A. I earned a Bachelor of Science degree in Mechanical Engineering from  
11 Drexel University, Philadelphia, Pennsylvania. Also, I have completed  
12 approximately half the course work towards an M.S. in Engineering  
13 Management at Drexel University. Furthermore, I hold the Pennsylvania  
14 equivalent of the Illinois Professional Engineer Intern Certification.

15 Q. Please state your professional work experience.

16 A. I was employed by the Philadelphia Gas Works (“PGW”) for over 12 years  
17 in the Distribution Department. I worked as a Natural Gas Operations  
18 Supervisor for over 6 years and as a Staff Engineer in the Planning  
19 Section of the Distribution Department for an additional 6 years. I have  
20 designed many major natural gas facilities for PGW.

21 Q. What are your duties and responsibilities as a Senior Energy Engineer in  
22 the Engineering Department?

23 A. My primary responsibilities and duties are in the performance of studies  
24 and analyses dealing with the day-to-day, and long-term, operations and  
25 planning of the gas utilities serving Illinois. For example, I review  
26 purchased gas adjustment clause reconciliations, rate base additions,  
27 levels of natural gas used for working capital, and review utilities'  
28 applications for Certificates of Public Convenience and Necessity. I also  
29 perform utility gas meter test shop audits.

30 Q. What is the purpose of this proceeding?

31 A. On November 7, 2001, the Commission initiated its annual reconciliation  
32 of the Purchased Gas Adjustment (“PGA”) for calendar year 2001, as filed  
33 by Consumers Gas Company (“Consumers” or “Company”), pursuant to  
34 Section 9-220 of the Illinois Public Utilities Act (“Act”). This investigation

35 was initiated to determine whether Consumers' PGA clause reflects actual  
36 costs of gas and gas transportation for calendar year 2001 and whether  
37 those purchases were prudent.

38 Q. What is your assignment within this proceeding?

39 A. My assignment is to determine if Consumers' natural gas purchasing  
40 decisions made during the reconciliation period were prudent.

41 Q. Have you made a determination if Consumers' natural gas purchasing  
42 decisions made during the reconciliation period were prudent?

43 A. Yes. Using the Commission's criteria for prudence, I have determined  
44 Consumers' natural gas purchasing decisions were prudent.

45 Q. What criteria does the Commission use to determine prudence?

46 A. The Commission has defined prudence as:

47 **[...] that standard of care which a reasonable person**  
48 **would be expected to exercise under the circumstances**  
49 **encountered by utility management at the time decisions**  
50 **had to be made. In determining whether or not a**  
51 **judgment was prudently made, only those facts**  
52 **available at the time the judgment was exercised can be**  
53 **considered. Hindsight review is impermissible.**

54 **Imprudence cannot be sustained by substituting one's**  
55 **judgment for that of another. The prudence standard**

56                   **recognizes that reasonable persons can have honest**  
57                   **differences of opinion without one or the other**  
58                   **necessarily being 'imprudent'. (Docket No. 84-0395,**  
59                   **p.17).**  
60

61           Q.     What material did you review to determine the prudence of  
62                   Consumers' natural gas purchasing decisions during the  
63                   reconciliation period?

64           A.     I reviewed the direct testimony of Consumers witness C. A.  
65                   Robinson. I also reviewed Company responses to numerous Staff  
66                   data requests that directly addressed issues related to the  
67                   prudence of Consumers' natural gas purchasing.

68           Q.     Does this conclude your direct testimony?

69           A.     Yes, it does.

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

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<b>ILLINOIS COMMERCE COMMISSION</b>	:	
<b>On Its Own Motion</b>	:	
- vs -	:	
<b>CONSUMERS GAS COMPANY</b>	:	<b>01-0699</b>
	:	
Reconciliation of revenues collected under gas	:	
adjustment charges with actual costs prudently	:	
incurred.	:	

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**NOTICE OF FILING**

**TO ATTACHED SERVICE LIST:**

**YOU ARE HEREBY NOTIFIED** that we have, on this 16<sup>th</sup> day of July, 2002, forwarded to the Chief Clerk of the Illinois Commerce Commission, for filing in the above-captioned docket, the Direct Testimony of the Illinois Commerce Commission Staff Witness Steven A.J. Cianfarini of the Energy Division, Engineering Department, a copy of which is hereby served upon you.

\_\_\_\_\_  
Steven R Knepler  
Supervisor  
Accounting Department  
527 East Capitol Avenue  
Springfield, IL 62701

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY THAT** copies of the foregoing Notice, together with the documents referred to therein, were served upon the parties on the attached Service List, by messenger, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Springfield, Illinois, on this 16<sup>th</sup> day of July, 2002.

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Steven R. Knepler  
Supervisor  
Accounting Department

**CONSUMERS GAS COMPANY**  
**Docket No. 01-0699**  
**Service-List**

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**ILLINOIS COMMERCE COMMISSION**

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Donald McGuire, Accounting Department  
Steven Cianfarini, Engineering Department