STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission On its Own Motion	)	
	)	Docket No. 01-0705
Northern Illinois Gas Company d/b/a NICOR Gas Company	)	
Reconciliation of Revenues collected under Gas Adjustment Charges with Actual Costs Prudently incurred	)	
Illinois Commerce Commission On its Own Motion	)	
	)	Docket No. 02-0067
Northern Illinois Gas Company d/b/a NICOR Gas Company	)	
Proceeding to review Rider 4, Gas Cost, pursuant To Section 9-244 (c) of the Public Utilities Act	)	
Illinois Commerce Commission On its Own Motion	)	
	)	Docket No. 02-0725
Northern Illinois Gas Company d/b/a NICOR Gas Company	)	
Reconciliation of Revenues collected under Gas Adjustment Charges with Actual Costs Prudently incurred	)	

PRE-TRIAL MEMORANDUM OF
THE RETAIL ENERGY SUPPLY ASSOCIATION

Pursuant to the schedule established by the Administrative Law Judges in this proceeding, the Retail Energy Supply Association ("RESA") hereby submits its Pre-Trial Memorandum in this proceeding.

RESA is a non-profit trade association of independent corporations that are involved in the competitive supply of electricity and natural gas.[1] RESA and its members are actively involved in the development of retail and wholesale competition in electricity and natural gas markets throughout the United States. Some of the members of RESA have certificates from the Illinois Commerce Commission (the "Commission") under Section 19-110 of the Public Utilities Act to operate as Alternative Gas Suppliers in the State of Illinois, including the service territory of the Northern Illinois Gas Company d/b/a NICOR Gas Company ("NICOR Gas"), the respondent in this proceeding. Currently, these Alternative Gas Suppliers provide gas supply service to tens of thousands of customers of NICOR Gas, including participants in the Customer Select Program offered by NICOR Gas, which is basically available to residential and small non-residential customers.

RESA does not have an opinion and does not intend to address the question of whether there have been overcharges during the period covered by this proceeding (calendar years 1999-2002) or whether a refund is appropriate in this proceeding. The only issue in which RESA has an interest is, if the Commission does order a refund, the mechanism by which such refund would be made to the customers of Nicor Gas.

Specifically, RESA objects to the refund mechanism proposed by Commission Staff witness Mary H. Everson in this proceeding, *i.e.* that any refund in this proceeding be refunded to Nicor Gas'

[1] RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings, LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; MXenergy; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant Energy Northeast LLC and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

Purchased Gas Adjustment Clause ("PGA") customers, basically its sales customers at the time of a refund, through an Ordered Reconciliation Factor (Factor O) of Rider 6, Gas Supply Cost, of Nicor Gas' Schedule of Rates (ICC Staff Ex. 6.0, pp. 8-0)

RESA acknowledges that under the Commission's rules relating to the operation of gas charges, 83 Ill. Admin. Code Part 525 (Purchased Gas Adjustment Clause), refunds resulting from a PGA reconciliation case would normally flow through the gas charge to sales customers only, as proposed by Ms. Everson. Moreover, RESA agrees that such a refund method would be reasonable if this proceeding were a typical reconciliation case. For example, if this case concerned the reconciliation of gas costs and gas charge revenues for calendar year 2010 and a refund were going to be issued in calendar year 2012, Staff's proposed refund method would be both reasonable and equitable.

However, this case concerns the reconciliation of gas costs and gas charge revenues for the period of calendar years 1999 through 2002. At the earliest, any refund would be ordered during calendar year 2012. In this proceeding, directing a refund to the customers of Nicor Gas who are sales customers at a point in time in calendar year 2012 or later is inequitable because such a direction would ignore the substantial shift in sales customers to transportation service from the period of calendar years 1999 through 2002 to the current period.

Since the period of calendar years 1999-2002, many of Nicor Gas' sales customers have become transportation customers; *i.e.* customers who purchase their natural gas supply from Alternative Retail Gas Suppliers (including members of RESA), but continue to receive delivery service from Nicor Gas. As of December 31, 1999, Nicor Gas had 1,861,308 sales customers and 67,733 transportation customers.[2] However, as of December 31, 2010, Nicor Gas had 1,914,346

[2] Research Bulletin Number 142, Illinois Gas Utilities, A Comparative Study of Gas Sales for Calendar Years 1991 and 1998 (prepared by the Financial Analysis Division of the Illinois Commerce Commission) (May 2000)

sales customers and 262,672 transportation customers.[3] While Nicor Gas' records do not identify those customers who were sales customers during the period of calendar years 1999-2002 that are transportation customers currently, it is reasonable to believe that substantial numbers of sales customers during the period of calendar years 1999-2002 are currently transportation customers.

Under Staff's proposed refund method, customers who are currently transportation customers, but who were sales customers during all or part of the period of calendar years 1999-2002 would not receive a refund because they would not be sales customers at the time of the refund. Therefore, absent a Commission order requiring that any refund be handled more fairly across all customers including transportation customers, transportation customers at the time of a refund who were sales customers during all or part of calendar years 1999-2002 would not receive any refund as a result of this proceeding.

RESA has not sponsored a witness in this proceeding. RESA intends to provide evidentiary support for its recommendation in this proceeding by the cross-examination of Nicor Gas and Staff witnesses.

[3] Illinois Gas Utilities, Comparison of Gas Sales Statistics For Calendar Years 2010 and 2009 (prepared by the Public Utilities Bureau of the Illinois Commerce Commission) (August 1, 2011)

In conclusion, limiting potential refunds to sales customers at the time of any refund would be unjust and inequitable. RESA recommends that any refund ordered in this proceeding be made to all of Nicor Gas' customers, whether they are sales customers or transportation customers.

Dated: February 10, 2012

Respectfully submitted,

Retail Energy Supply Association

By: /s/Gerard T. Fox
Gerard T. Fox

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NOTICE OF FILING

Please take note that on February 10, 2012, I caused to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission, the attached Pre-Trial Memorandum of the Retail Energy Supply Association in this proceeding.

Dated: February 10, 2012

/s/Gerard T. Fox
Gerard T. Fox

CERTIFICATE OF SERVICE

I, Gerard T. Fox, certify that I caused to be served copies of the foregoing Pre-Trial Memorandum of the Retail Energy Supply Association upon the parties on the service list maintained on the Illinois Commerce Commission's eDocket system for the instant docket via electronic delivery on February 10, 2012.

/s/ Gerard T. Fox
Gerard T. Fox