

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	Docket No. 24-0774
Coke Company)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

DIRECT TESTIMONY
OF
ALESE G. MAUERMANN

- 1 Q. Please state your name, position and business address.
- 2 A. My name is Alese G. Mauermann. My business address is WEC Energy
3 Group, Inc., 2830 S Ashland Avenue, Green Bay WI, 54304. I am the Manager
4 Gas Supply within the WEC Energy Group, Inc. (“WEC”), with related
5 responsibilities Peoples Gas Light and Coke Company (“Peoples”) and North
6 Shore Gas (“North Shore”).
- 7 Q. What are your primary duties and responsibilities as Manager Gas
8 Supply?
- 9 A. I am responsible for the daily operational oversight and balancing of the
10 distribution system. I am also responsible for: (i) developing gas supply and
11 storage capacity strategies to provide reliable and cost-effective natural gas
12 service to customers; (ii) developing and implementing short- and long-term gas

13 supply and capacity release strategies, including gas purchasing and hedging
14 strategies; (iii) administering gas supply, transportation and storage contracts as
15 prescribed by internal legal policies, procedures, and plans approved by the
16 applicable commission; and (iv) acquiring daily, monthly, and annual supplies to
17 meet system requirements. Additionally, I review and approve supply, storage,
18 and transportation invoices.

19 Q. Please summarize your educational background and experience.

20 A. I have a Bachelor's Degree in Mechanical Engineering from Michigan
21 Technological University in Houghton, MI. I have been employed by WBS or its
22 affiliates since 2009 in various positions related to engineering, project
23 management and gas supply.

24 Q. What is the purpose of your direct testimony?

25 A. The purpose of my testimony is to describe Peoples Gas' 2024 supply and
26 capacity procurement practices, including negotiation of contracts and related
27 accounting and auditing practices. This includes a description of how Peoples
28 Gas' company-owned storage field, Manlove Field, fits into Peoples Gas' portfolio
29 and how Peoples Gas allocated available capacity among Peoples Gas, North
30 Shore and Peoples Gas' interstate storage services. In addition, I discuss steps
31 that Peoples Gas took to reduce gas price volatility. I also address the prudence
32 of Peoples Gas' 2024 supply and capacity and the resulting gas costs that
33 Peoples Gas billed to customers.

34 **2023 PROCUREMENT OVERVIEW**

35 Q. Please describe Peoples Gas' 2024 gas supply procurement process.

36 A. WBS provides services to Peoples Gas under an affiliated interest
37 agreement that the Illinois Commerce Commission ("Commission") approved. In
38 general, Gas Supply Department personnel and others, as appropriate,
39 developed specific gas supply recommendations and put those forward for
40 management approval. The Gas Supply Department was responsible for
41 entering into and administering contracts for gas supply and for purchases of
42 transportation and storage services.

43 Q. What procedure did Peoples Gas follow in 2024 in order to select its
44 resource mix?

45 A. Prior to the start of the year, Peoples Gas developed a number of
46 interconnected forecasts, including: a peak day forecast, a long-term demand
47 forecast, and a gas requirements forecast. These forecasts support the gas
48 dispatch model, which calculates daily gas requirements and balances the
49 normal year's daily requirements with available gas supply, including term
50 purchases, daily purchases, customer-owned deliveries, and gas available for
51 withdrawal or injection. The gas dispatch model optimizes, from a full-year
52 perspective, the daily gas dispatching activities by forecasting the supply and
53 storage mix to meet the expected customer gas requirements for each day of the
54 forecast year.

55 Using the annual gas dispatch model as a starting point and just prior to
56 the start of each month, the Gas Supply Department computed at least three

57 potential load forecasts for the coming month and met to address purchasing
58 decisions for the month. After establishing the monthly plan, Gas Supply
59 personnel, on a daily basis, as changing requirements and the market dictated,
60 addressed any changes to accommodate the need for additional or reduced
61 amounts of supply or capacity.

62 Q. Please describe Peoples Gas' contractually available sources of firm gas
63 supply during the reconciliation period.

64 A. Peoples Gas purchases firm gas supply from many parties under four
65 general forms: firm baseload, citygate delivered baseload, firm call, and citygate
66 delivered call.

67 Q. Please describe the firm baseload and citygate delivered baseload forms
68 of purchases.

69 A. Peoples Gas contracted for firm baseload supplies that it purchased and
70 transported to the citygate using its transportation. Peoples Gas also contracted
71 for firm baseload supplies bought directly at the citygate. Peoples Gas made
72 these purchases on a seasonal and month-to-month basis. The baseload
73 contracts called for Peoples Gas to purchase the same quantity each day and
74 most were priced using a first of the month ("FOM") index price.

75 Q. Please describe the call form of purchases.

76 A. Call purchases are firm supplies that were available at a daily index price,
77 and, when purchased, would be transported to the citygate using Peoples Gas'
78 contracted transportation. Peoples Gas made these purchases on a seasonal
79 basis. The quantity that Peoples Gas could purchase each day could vary

80 between zero and the maximum quantity stated in the contract. Under these
81 contracts, the supplier would have the obligation to deliver the gas, but Peoples
82 Gas would have no obligation to purchase any gas.

83 Q. Please describe the citygate delivered call form of purchases.

84 A. Citygate delivered call purchases are firm supplies that were available at a
85 daily index price, and when requested by Peoples Gas, the supplier delivered to
86 the citygate. Peoples Gas made these purchases on a seasonal basis. The
87 quantity that Peoples Gas could purchase each day could vary between zero and
88 the maximum quantity stated in the contract. Under these contracts the supplier
89 had the obligation to deliver the gas, but Peoples Gas had no obligation to
90 purchase any gas.

91 Q. Did Peoples Gas have any other sources of gas available for system
92 supply?

93 A. Yes. Peoples Gas purchased supply in the daily market. These
94 transactions were typically for less than one month and were often for only one
95 day or a few days. Once contracted, these sources were firm.

96 Also, a significant portion of Peoples Gas' gas needs includes deliveries of
97 customer-owned gas under Peoples Gas' Schedule of Rates. This gas was
98 another source available to Peoples Gas for system supply. However, Peoples
99 Gas did not know the quantity of customer-owned gas that it would receive until
100 customers and/or their suppliers scheduled it with the pipelines and Peoples Gas
101 and the pipelines confirmed it.

102 Q. How many suppliers did Peoples Gas purchase from during the
103 reconciliation period?

104 A. During 2024 Peoples Gas purchased gas from 31 suppliers.

105 Q. Please describe Peoples Gas' contractual agreements for the purchase of
106 supply and capacity recovered through the monthly Gas Charge filings.

107 A. During 2024 Peoples Gas purchased the majority of its supply under firm
108 contracts with suppliers. It made these purchases under the terms of the
109 contracts that Peoples Gas had with each supplier. Peoples Gas purchased a
110 portion of its total supply volumes as daily purchases from various suppliers. It
111 made daily purchases, on an as-needed basis, from suppliers under the terms of
112 the contracts that Peoples Gas had with each supplier.

113 Capacity (both pipeline storage and transportation) transactions are
114 subject to contracts with the pipelines and the pipelines' Federal Energy
115 Regulatory Commission ("FERC") Gas Tariffs or Statements of Operating
116 Conditions.

117 Q. Did Peoples Gas purchase gas or release capacity under an asset
118 management arrangement during the reconciliation period?

119 A. No.

120 **REQUESTS FOR PROPOSALS**

121 Q. Did Peoples Gas use a Request for Proposal ("RFP") process for any of
122 the purchases identified above?

123 A. Yes. The RFP process allows the market to competitively bid to
124 determine the fair value of the products sought. Peoples Gas issued RFPs, with

125 specific directions to bidders, for the types of firm supply it purchased. The goal
126 of the RFP process is to reach as broad a market of sellers that currently have
127 base agreements with Peoples Gas to meet Peoples Gas' requirements.

128 Peoples Gas attempted to be as clear as possible in what it was seeking and
129 what it would consider a conforming bid. This practice provided Peoples Gas
130 with objective criteria to evaluate conforming bids.

131 Q. You stated that Peoples Gas tried to be as clear as possible when it
132 structured its RFPs. Please explain what you mean.

133 A. One of Peoples Gas' goals is to receive bids that are in an identical format
134 so that it can make fair comparisons. In its RFPs, it specifies all the key
135 commercial terms of service to focus on variables important to Peoples Gas that
136 it must consider in evaluating bids. For example, a typical RFP would specify the
137 location(s) at which Peoples Gas would take delivery of supply; whether the
138 supply would be baseload or call and the conditions under which Peoples Gas
139 may call on the supply; acceptable pricing structures, such as based on specific
140 FOM or daily indices and whether demand charges would be acceptable; and
141 any quantity limitations, such as bids must be in increments of 5,000 dth¹/day. In
142 addition, the RFP specifies the credit terms that will apply to the winning bidder,
143 and bidders must be parties to a master contract that will govern the transaction.
144 Generally, the supplier need only select an acceptable delivery location from
145 among those specified, specify a daily contract quantity and bid a price in the
146 required form. For example, an addition to or subtraction from a pricing index that

¹ "dth" means dekatherm. "Mdth" means one thousand dekatherms.

147 Peoples Gas identified in the RFP. Peoples Gas can then perform an apples-to-
148 apples comparison among the conforming bids and promptly notify the winning
149 bidder(s).

150 Q. What RFP process did Peoples Gas use for summer purchases?

151 A. For its summer purchases (the months of April through October), Peoples
152 Gas purchased firm supply on a monthly basis through a blast-type instant
153 message request process to several suppliers. It sent the instant message to at
154 least 10 suppliers each month. Like the RFP process described above, the
155 content of the instant message stated the location where Peoples Gas was
156 seeking baseload supply tied to the FOM index at the point(s). As a check on the
157 market, Peoples Gas' traders had access to Intercontinental Exchange Inc.
158 ("ICE"), an electronic trading platform, which provided real time trading
159 information at the relevant locations.

160 Q. Why did Peoples Gas use this process?

161 A. The monthly baseload purchase process allows Peoples Gas to move the
162 purchases around to avoid the restrictions and limit the need to reconfigure or
163 otherwise renegotiate the baseload agreement with the seller.

164 Q. Were all the RFPs used to obtain the supplies discussed above completed
165 in the reconciliation year?

166 A. No. Peoples Gas completed one RFP prior to 2024 for gas that flowed in
167 2024 with cost recovery through the Gas Charge. The types of supply procured
168 under this RFP were baseload supply and calls.

169 Q. What criteria did Peoples Gas use in reviewing these RFP responses and
170 awarding contracts?

171 A. The award criteria were conforming bids, diversity and lowest price first
172 and, where applicable, secondary considerations. Secondary considerations
173 were the nomination deadline and the pipeline on which the supply was to be
174 delivered. Vendor diversity is important to ensure reliable service to our
175 customers. In addition, for the non-baseload RFP supplies, Peoples Gas used a
176 bid valuation model to evaluate call supply products with varying price, term and
177 quantity attributes on an equal footing.

178 Q. Did Peoples Gas issue RFPs in 2024 for gas that flowed in 2024?

179 A. Yes. Peoples Gas completed nine RFPs in 2024 for gas that flowed in
180 2024 with cost recovery through the Gas Charge. The types of supply procured
181 under those RFPs were summer 2024 baseload, winter 2024-2025 baseload and
182 call, gas supplies. The seven summer supply RFPs are discussed above.

183 Q. What criteria did Peoples Gas use in reviewing these RFP responses and
184 awarding contracts?

185 A. The award criteria were conforming bids, credit and lowest price first and,
186 where applicable, secondary considerations. Secondary considerations were the
187 nomination deadline and the pipeline on which the supply was to be delivered.
188 Another criterion was vendor diversity to ensure reliable supply to our customers,
189 where applicable. Also, for the winter season call RFP supplies, Peoples Gas
190 used a bid valuation model to evaluate call supply products with varying price,
191 term, and quantity attributes on an equal footing.

192 Q. Did Peoples Gas purchase all its gas through the RFP process?

193 A. No. Peoples Gas purchased all its daily gas pursuant to bilateral
194 discussions with suppliers or through trades on ICE.

195 Q. Does Peoples Gas purchase gas and conduct RFPs for which gas costs
196 are not recovered through the Gas Charge?

197 A. Yes. Peoples Gas does not recover company use gas costs through the
198 Gas Charge.

199 **CITYGATE PURCHASES**

200 Q. Did Peoples Gas purchase gas at the citygate in 2024?

201 A. Yes. Peoples Gas purchased term gas and daily gas delivered at the
202 citygate in 2024. Citygate purchases accounted for about 32% of total purchase
203 quantities and about 41% of total purchase costs.

204 Q. Why does Peoples Gas purchase term gas at the citygate, rather than
205 making purchases in the field and using its transportation to move the gas to its
206 citygate?

207 A. Peoples Gas buys gas at the citygate for two main reasons. First, in the
208 case of call gas, citygate purchases limit the amount of pipeline capacity that
209 Peoples Gas needs to hold. Winter-only firm capacity is typically unavailable and
210 year-round capacity would only be needed for winter or peaking requirements.
211 Second, it diversifies the type of pricing in the portfolio. The Gas Charge will
212 include a mix of field index purchases, citygate index purchases, and fixed price
213 purchases.

214 Q. Why does Peoples Gas buy daily gas at the citygate?

215 A. Peoples Gas buys daily gas at the citygate to meet demands that vary
216 daily and are in excess of the transportation capacity held on interstate pipelines.
217 Because demands vary based on weather and customer-owned gas deliveries
218 and, as such, are unpredictable, holding additional firm transportation from field
219 locations to meet them is not reasonable. Also, Peoples Gas buys at the citygate
220 when it is economically favorable.

221 **SUPPLY INTERRUPTIONS**

222 Q. Did Peoples Gas experience any supply interruptions in 2024?

223 A. Yes. Some of Peoples Gas' suppliers failed to deliver the quantity of gas
224 that was requested. Peoples Gas did not incur any overrun or penalty charges
225 as a result of these failures. Also, as discussed later, pipeline restrictions and
226 outages occurred that affected nominated gas flow.

227 **PIPELINE TRANSPORTATION AND STORAGE CAPACITY**

228 Q. Did any significant changes to Peoples Gas' transportation and storage
229 capacity portfolio affect the 2024 portfolio?

230 A. No.

231 Q. Did any pipeline outages, interruptions, or restrictions affect Peoples Gas
232 during 2024?

233 A. Yes. Natural experienced outages and imposed restrictions during 2024.

234 Q. Did Peoples Gas receive reservation charge credits associated with any of
235 these outages?

236 A. Yes. Peoples Gas received a total of \$715.94 in reservation credits from
237 Natural.

238 Q. Did Peoples Gas incur any overrun charges or other pipeline charges
239 associated with the outages, cuts, restrictions or other reasons?

240 A. Yes. For the entire year Peoples Gas incurred \$107,847.32 of overrun
241 charges.

242 Q. How did Peoples Gas' planned and actual use of storage compare in
243 2024?

244 A. Peoples Gas begins each season with an established storage plan based
245 on normal weather, estimated customer-owned gas deliveries and assumptions
246 for other factors not precisely known at the time it creates the plan. Peoples Gas
247 cannot reasonably plan for other storage activity, notably balancing. As a result,
248 actual storage use will never exactly match planned storage use for a given
249 month, and Peoples Gas may need to revise storage plans for future months to
250 accommodate these differences. During 2024, actual storage withdrawals of
251 49,784 Mdth were approximately 7,782 Mdth (13.52%) less than planned. A
252 warm December and balancing activities throughout the year lead to the less
253 than planned withdrawals.

254 Q. Is Peoples Gas' storage field, Manlove Field, part of its storage plan?

255 A. Yes. Manlove Field storage accounted for about 26% of Peoples Gas'
256 design day and 43% of the capacity in its annual storage portfolio based on the
257 2024 design day portfolio. The design day capacity was reduced in 2022 due to
258 continued water disposal issues. The field is not experiencing hydrates like it did
259 in 2021 and 2022.

260 **MANLOVE FIELD**

261 Q. You stated that Manlove Field storage is part of Peoples Gas' design day
262 and annual storage portfolio. What is the cycled top gas quantity for Manlove
263 Field?

264 A. The amount of top gas typically cycled annually from Manlove Field is
265 36,500 Mdth.

266 Q. What quantity of this capacity does Peoples Gas use to serve its retail end
267 use customers?

268 A. 30,900 Mdth.

269 Q. Do both retail sales and transportation customers receive services
270 supported by Manlove Field?

271 A. Yes.

272 Q. Does anyone other than Peoples Gas' retail customers receive services
273 supported by Manlove Field?

274 A. Yes. North Shore purchases a storage service from Peoples Gas under a
275 Commission-approved contract. Peoples Gas also offers storage services in the
276 interstate market under the FERC's authority. The interstate services are
277 sometimes called "hub" services.

278 Q. Please describe the storage service that North Shore purchases.

279 A. Under its agreement, North Shore delivers gas to the Peoples Gas system
280 for injection into Manlove Field during the injection period. Peoples Gas' and
281 North Shore's systems are not physically interconnected. When North Shore
282 called on gas for withdrawal, Peoples Gas withdrew the gas and by displacement
283 delivered an equivalent quantity to North Shore using gas supplies that Peoples

284 Gas otherwise had flowing on either the Natural or ANR Pipeline Company
285 (“ANR”) system.

286 Q. Please describe the interstate services that Peoples Gas was authorized
287 to provide during the reconciliation period.

288 A. Under a FERC-approved Operating Statement Peoples Gas may offer five
289 services: Firm Transportation, Interruptible Transportation, Firm Storage,
290 Interruptible Storage, and Parking and Lending. Peoples Gas supports these
291 services with capacity at Manlove Field and on the Mahomet Pipeline, which
292 connects Manlove Field to Peoples Gas’ service territory. During 2024, Peoples
293 Gas provided only Parking and Lending Service, which is an interruptible service.

294 Q. Did Peoples Gas enter into any significant interstate service agreements
295 that were in effect during the reconciliation period?

296 A. No.

297 Q. How does Peoples Gas determine the amount of Manlove Field capacity
298 that is available to North Shore?

299 A. The quantity that North Shore may receive is defined in its contract with
300 Peoples Gas.

301 Q. How does Peoples Gas determine how much capacity is available for
302 interstate services?

303 A. The determination process is an extension of Peoples Gas’ existing
304 optimization models. The process is a point in time analysis that Peoples Gas
305 usually performs at least once per year but not longer than 18 months after the
306 previous study. The process is designed to allocate Manlove Field storage

307 capacity in a way that does not adversely affect Peoples Gas' retail customers
308 with the principal goal of maintaining performance at Manlove Field. Peoples
309 Gas last performed this analysis in December 2024.

310 Q. What were the results of this process?

311 A. The analysis showed that, if operationally possible, Peoples Gas should
312 continue to cycle 36,500 Mdth from Manlove Field.

313 Q. Is this process a reasonable way to allocate capacity among Peoples Gas'
314 retail customers, North Shore and Peoples Gas' interstate customers and why?

315 A. Yes. The process takes steps to include and update as many market,
316 asset availability, and operating constraints as reasonably practicable. It also
317 takes advantage of advances in analytical tools and does so in a way that fits
318 Manlove Field into the comprehensive portfolio plan.

319 Q. Was the capacity allocated to interstate customers fully used by them in
320 2024?

321 A. Yes.

322 Q. Does Peoples Gas own and operate an LNG facility?

323 A. Yes. The LNG facility is part of the Manlove Field complex.

324 Q. Please describe Peoples Gas' use of the LNG facility in 2024.

325 A. The LNG facility was not used in 2024 to support daily or hourly deliveries.

326 **RESERVE MARGIN**

327 Q. What was Peoples Gas' design day reserve margin in 2024?

328 A. Peoples Gas' 2024 design day reserve margin for physical supply was
329 approximately 3.00%. Peoples Gas describes its design day calculation in detail

330 in the response to Staff data request ENG 1.17. In general, Peoples Gas defines
331 its design day as the demand expected to occur on a January weekday with a
332 temperature of -16 degrees Fahrenheit (equivalent to 81 degree days) and an
333 average wind speed of 22 miles per hour (“mph”) following a day with a
334 temperature of 1 degree Fahrenheit and an average wind speed of 16 mph. The
335 temperature and wind data are based on a weighted average of four weather
336 stations (Midway; Lansing, Illinois; O’Hare; and Waukegan).

337 The reserve margin is intended to ensure that Peoples Gas will be able to
338 serve its customers under extreme conditions. Because of the serious effects on
339 public health and safety of a gas outage, in addition to the difficulties of restoring
340 gas service, it is imperative that Peoples Gas plans for extreme conditions. Firm
341 gas supply and deliverability to Peoples Gas’ distribution system were thus set at
342 levels that provide a margin over Peoples Gas’ projected peak day requirements.
343 This reserve margin was necessary to accommodate, among other things, the
344 fact that Peoples Gas is located near the end of Natural’s and Northern Border
345 Pipeline Company’s (“Northern Border”) facilities, the possibility of deliverability
346 shortfalls in connection with storage and flow gas, and the fact that requirements
347 could exceed design day projections.

348 **PRICE RISK MANAGEMENT**

349 Q. Please describe the steps taken to address price volatility, including any
350 hedging strategies.

351 A. Peoples Gas took several steps to address price volatility. During the
352 year, Peoples Gas followed a price protection program which was specifically

353 designed to mitigate the effects of gas price volatility. This program protected a
354 significant portion of Peoples Gas' purchases using approved financial derivative
355 tools including futures, fixed price swaps, call options, synthetic calls, or
356 consumer collars (purchasing call options and selling put options
357 simultaneously). These purchases were either hedged physically through fixed
358 forward purchases directly with a supplier or through the use of financial
359 derivative instruments. Under the plan, Peoples Gas began executing its hedges
360 nineteen months prior to the start of each season (*i.e.*, winter or summer). The
361 timing of the transaction execution follows a time driven matrix approach and
362 results in 100% of the planned hedges in place prior to the start of the season.
363 Under normal weather conditions, Peoples Gas would expect to hedge between
364 25% and 50% of its annual purchases under this plan with a target of 37.5%.

365 Q. Please describe storage assets used to address price volatility.

366 A. Peoples Gas' supply portfolio also contained storage assets, both owned
367 and contractual, that allowed it to use the natural physical hedge that seasonal
368 storage provides. Peoples Gas also purchased gas supplies from a variety of
369 parties and from different producing regions to protect against regional price
370 anomalies. It injects this supply into the storage accounts for withdrawal at a later
371 date.

372 Q. How much of its annual purchases did Peoples Gas hedge under its plan?

373 A. For the reconciliation period, 38.5% of actual annual purchases were
374 financially hedged. While the financially hedged percentage was above the
375 37.5% target noted above, it was within the plan parameters.

376 Q. What is a “time driven matrix” approach?

377 A. The “time driven matrix” approach means that Peoples Gas executed its
378 hedge transactions on a defined schedule. This contrasts with, for example,
379 purchasing all of the hedges eighteen months prior or waiting until one month
380 prior to the hedged period to purchase the hedges.

381 Q. Were there any changes made to this plan that affected the reconciliation
382 period?

383 A. No.

384 Q. Were there any significant deviations from this plan?

385 A. No.

386 Q. Please describe the impact on the Gas Charge of the hedging strategies.

387 A. Peoples Gas’ purchases under its price protection programs partially
388 insulated customers against price volatility. By taking fixed price positions on a
389 large portion of the anticipated baseload purchases, Peoples Gas can dampen
390 the effect that large swings in gas prices have on its total gas costs. This leads
391 to more stable prices for Peoples Gas’ customers. In the absence of this
392 program, customers would be exposed to the full risk of market fluctuations.
393 Peoples Gas’ price protection strategies were not aimed at guaranteeing the
394 lowest possible price for gas. The purpose is to mitigate volatility.

395 **INTERSTATE SERVICES**

396 Q. You testified that Peoples Gas provides interstate services. What revenue
397 did Peoples Gas receive from interstate transactions in 2024?

398 A. Interstate services transactions resulted in approximately \$4.6 million in
399 revenue that Peoples Gas flowed through its Gas Charge during 2024.

400 Q. Do hub transactions increase gas costs to customers?

401 A. No. First, the revenues generated through the provision of hub services
402 are a credit to the Gas Charge and, as such, reduce costs to customers.

403 Second, hub services tend to increase the liquidity at Peoples Gas' citygate.

404 Generally, the more liquid the trading point the better the price signals and the
405 easier it is for supply to meet demand.

406 Q. Did Peoples Gas enter into any off-system gas sales for resale during
407 2024?

408 A. Yes. Peoples Gas entered into off-system sales transactions supported
409 by less than 3% of Peoples Gas' purchases in terms of quantity and less than 2%
410 in terms of cost for the year. These transactions were for operational reasons.

411 Q. Did Peoples Gas release any capacity in 2024?

412 A. No.

413 Q. Did Peoples Gas acquire any capacity through a capacity release?

414 A. No.

415 **AFFILIATE TRANSACTIONS**

416 Q. Did Peoples Gas have any transactions with any affiliate that affected its
417 Gas Charge?

418 A. No.

419 Q. Does Peoples Gas have any other gas supply-related transactions with its
420 affiliates?

421 A. Yes. Peoples Gas provides a storage service to North Shore, an affiliated
422 gas utility, pursuant to a Commission-approved agreement. This service does
423 not affect Peoples Gas' Gas Charge.

424 **PRUDENCE OF 2024 GAS COSTS**

425 Q. Were Peoples Gas' incurred expenditures for 2024 gas supply prudent?

426 A. Yes. The 2024 incurred gas supply expenditures reflected Peoples Gas'
427 continuing efforts to minimize the cost of its gas supply consistent with
428 operational and contractual constraints and the statutory obligation to provide
429 adequate and reliable service to customers throughout the year. In particular,
430 following RFP processes, Peoples Gas purchased supply from a diverse pool of
431 suppliers to fill its storage services and to supply its customers. It purchased
432 supply at the citygate and utilizing its own pipeline capacity, which both
433 diversifies the pricing applicable to those purchases and enhances reliability. It
434 met a large portion of its peak day and seasonal requirements from storage. It
435 also used storage to help it balance its system on a daily and intra-day basis.
436 Finally, it hedged a significant portion of its annual purchases, which helps to
437 mitigate price volatility for customers.

438 Q. Has Peoples Gas made other efforts to ensure that pipelines serving it
439 provide reliable services on a best-cost basis?

440 A. Yes. Peoples Gas made efforts to maintain adequate, reliable services
441 from pipeline transporters and to keep gas costs to a minimum by active
442 participation in its pipeline transporters' rate and certificate proceedings and
443 other matters before the FERC. Peoples Gas monitored the filings of its principal

444 pipeline suppliers of storage and transportation services and other pipelines
445 interconnecting with Peoples Gas' system -- Natural Gas Pipeline Company of
446 America ("Natural"), Northern Border, Kinder Morgan Illinois LLC ("KMIP"),
447 Trunkline Gas Company ("Trunkline"), Midwestern Gas Transmission Company
448 ("Midwestern"), Vector Pipeline L.P ("Vector"), Washington 10, ANR, Guardian
449 Pipeline, L.L.C. ("Guardian") and Alliance Pipeline, Ltd. ("Alliance"). In addition,
450 Peoples Gas monitored FERC rulemaking and policy proceedings.

451 Based on its review of pipeline filings, Peoples Gas intervened in
452 significant proceedings. Peoples Gas also continued to participate actively as a
453 member of the American Gas Association in FERC rulemakings and other
454 generic proceedings affecting its customers.

455 **MEASUREMENT AND MONITORING OF PIPELINE DELIVERIES**

456 Q. Please describe the control procedures and monitoring related to contract
457 enforcement for Peoples Gas' pipeline purchases.

458 A. The control procedures and monitoring related to enforcement of contracts
459 for gas delivered by pipelines interconnecting with Peoples Gas were as follows:

460 1. Gas that Natural delivered to Peoples Gas is registered by Peoples
461 Gas' electronic flow measurement ("EFM") equipment located at seven locations
462 (excluding direct pipeline supplied customer locations), including Peoples Gas'
463 Manlove Field. One of Natural's seven locations, the Torrence Avenue station, is
464 also the point at which energy is delivered to Peoples Gas from KMIP. Peoples
465 Gas' Gas Control Department reviewed and monitored the accuracy of energy
466 that Natural billed at all seven of those meters on a daily basis as well as for

467 KMIP at the Torrence point. The quantities of gas received and delivered by
468 Natural and KMIP were measured in accordance with the General Terms and
469 Conditions of its respective FERC Gas Tariff. Peoples Gas has access to
470 Natural's and KMIP's measurement equipment at the receipt and delivery points
471 under the tariff provisions to verify flow calculations. If the Gas Control
472 Department's measurement review indicated a discrepancy, the Gas Control
473 Department would contact Natural or KMIP to resolve the discrepancy. Natural
474 and KMIP also calibrate their EFM equipment periodically. A Peoples Gas
475 representative may be present at these calibrations. Peoples Gas'
476 representative is present for physical changes (e.g., orifice plate inspection or
477 replacement) involving a meter.

478 2. ANR operates EFM equipment at its station near East Joliet, Illinois
479 and at its Sharp Road station near Elwood, Illinois. Trunkline operates EFM
480 equipment at Peoples Gas' Manlove Field. Northern Border operates EFM
481 equipment at the Manhattan-South interconnect near Manhattan, Illinois, the
482 Manhattan-North interconnect near Lemont, Illinois, and the Sharp Road
483 interconnect near Elwood, Illinois. Midwestern operates EFM equipment at its
484 station near Union Hill, Illinois. Alliance operates EFM equipment at its station
485 near Elwood, Illinois. Guardian operates EFM equipment at its station near
486 Elwood, Illinois. Vector operates EFM equipment at its station near Elwood,
487 Illinois. ANR, Trunkline, Midwestern, Northern Border, Guardian, Vector and
488 Alliance calibrate their EFM equipment periodically. A Peoples Gas
489 representative may be present at these calibrations. Peoples Gas'

490 representative is present for physical changes (e.g., orifice plate inspections or
491 replacement) involving a meter. The quantities of gas received and delivered by
492 each pipeline were measured in accordance with the General Terms and
493 Conditions of its respective FERC Gas Tariff. Peoples Gas has access to the
494 pipeline operator's measurement equipment at the receipt and delivery points
495 under the tariff provisions to verify flow calculations. Peoples Gas' Gas Control
496 Department reviews and monitors the accuracy of energy that is billed from these
497 pipelines' meters. If this review identified a discrepancy, Gas Control would
498 contact the pipeline and resolve the discrepancy.

499 3. If the Gas Control Department's measurement verification between the
500 EFM equipment and nomination systems (Peoples Gas' and pipelines'
501 nomination websites) indicates a discrepancy, the Gas Control Department will
502 contact the pipeline to resolve the discrepancy. Once Gas Control has resolved
503 all discrepancies, the Gas Supply Department will verify the amount of gas
504 nominated to the Gas Supply transaction tracking database. The Fuel and
505 Supply Accounting Department confirms the data with the pipelines' invoices.

506 4. ANR, Midwestern, Guardian, Vector and Trunkline use onsite
507 chromatographs to determine gas quality and heating value. Natural uses
508 chromatographs at a point on its system near Joliet, Illinois and at Peoples Gas'
509 Manlove Field to determine gas quality and heating value. Northern Border uses
510 a chromatograph on its system near Ventura, Iowa to determine gas quality and
511 heating value. Alliance uses a chromatograph on its system near Morris, Illinois
512 to determine gas quality and heating value. Peoples Gas uses chromatographs

513 it owns at its citygates, Manlove Field, the ANR East Joliet and Midwestern meter
514 stations, and two of the three Northern Border meter stations to independently
515 monitor gas quality and heating value. These chromatographs are calibrated on
516 a regular basis.

517 5. Internal Audit Services examines the accuracy and performance of
518 procedures that management identified as SOX controls annually during its
519 Sarbanes-Oxley Act of 2002, Section 404, testing to support management's
520 assertion that the internal control structure is operating as designed. These tests
521 include examination of the various records and reports that Peoples Gas used to
522 record volumetric and pricing information including the various reconciliations to
523 source measurement and pipeline information.

524 Q. Please describe the control procedures and monitoring programs related
525 to enforcement of Peoples Gas' contracts for purchases from suppliers.

526 A. The gas that Peoples Gas purchased from each supplier was invoiced
527 based on quantities delivered at the agreed delivery points. Each month Peoples
528 Gas verified that suppliers used the appropriate unit prices in their invoicing to
529 Peoples Gas, and it also confirmed that suppliers delivered volumes based on
530 the agreed to delivery point on the pipeline invoices.

531 Q. Please describe the control procedures and monitoring programs that
532 Peoples Gas used with respect to its gas transportation contracts.

533 A. The control procedures and monitoring related to the enforcement of the
534 transportation contracts and point operator agreements with ANR, Natural, KMIP,

535 Northern Border, Guardian, Vector, Washington 10, and Midwestern were as
536 follows:

537 1. Each of these pipelines or storage providers rendered monthly
538 statements of the quantity of gas received on behalf of Peoples Gas from each
539 supplier at each receipt point and the quantity of gas each transporter or storage
540 provider delivered to Peoples Gas. The quantities of gas received and delivered
541 were measured in accordance with the General Terms and Conditions of its
542 respective FERC Gas Tariff or Statement of Operating Conditions. Peoples Gas
543 has access to measurement equipment at the receipt and delivery points under
544 the tariff provisions. Peoples Gas verified the accuracy of each monthly
545 statement based on records maintained by the Gas Supply area in coordination
546 with each transporting pipeline.

547 2. Pipeline charges for each receipt point include a percentage retained
548 by the pipeline from gas received for Peoples Gas' account to compensate for
549 the compressor fuel and lost-and-unaccounted-for gas. Peoples Gas reviewed
550 for accuracy the quantities that the pipeline retained against published tariffs and
551 contracts.

552 Q. Does this conclude your direct testimony?

553 A. Yes, it does.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	Docket No. 24-0774
Coke Company)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

DIRECT TESTIMONY
OF
SAM ADDISON

- 1 Q. Please state your name and business address.
- 2 A. Sam Addison, 200 East Randolph Street, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. WEC Business Services LLC.
- 5 Q. What position do you hold with WEC Business Services LLC?
- 6 A. I am a Project Specialist III in Regulatory Affairs.
- 7 Q. What are your responsibilities in that position?
- 8 A. I am responsible for performing activities related to regulatory research,
- 9 rate and tariff administration, billing and rate impact studies, accounting, and
- 10 reporting requirements for The Peoples Gas Light and Coke Company (“Peoples
- 11 Gas” or the “Company”) and its sister utility North Shore Gas Company (“North
- 12 Shore”). I also have managed and coordinated the preparation and review of

13 testimonies and exhibits pertaining to rate case filings for Peoples Gas and North
14 Shore pursuant to provisions of Part 285, 286, and 287 of the Commission's
15 rules (83 Ill. Admin. Code Parts 285, 286, and 287).

16 Q. Please summarize your educational background and experience.

17 A. I received a Bachelor of Science in Finance from the Driehaus College of
18 Business at DePaul University in 2013. I was hired by Integrys Business Services
19 in 2014 on the Finance team, where I worked 6 years across multiple positions of
20 increased responsibility, including support of the 2020 North Shore Gas Rate
21 Case. In January 2022, I left WEC energy group to join ComEd as a Senior
22 Financial Analyst supporting Financial Operations. In October 2022, I rejoined
23 WBS as a Project Specialist 3 on the Regulatory Affairs team.

24 Q. Please give a brief description of the operations and status of Peoples
25 Gas.

26 A. Peoples Gas is a corporation organized and existing under the laws of the
27 State of Illinois, having its principal office at 200 East Randolph Street, Chicago,
28 Illinois 60601. It is engaged in the business of purchasing, distributing and
29 selling natural gas to approximately 888,000 customers in the City of Chicago.
30 Peoples Gas is a public utility within the meaning of the Public Utilities Act.

31 Q. Please describe the subject matter of this proceeding.

32 A. Pursuant to Section 9-220 of the Public Utilities Act, on October 17, 2024,
33 the Illinois Commerce Commission ("Commission") entered a citation order
34 ("order") directed to Illinois gas utilities, including Peoples Gas. The order
35 requires Peoples Gas to present evidence to the Commission at a public hearing

36 in Docket No. 24-0774 reconciling revenue collected under the purchased gas
37 adjustment clause (Rider 2, Gas Charge, of Peoples Gas' Schedule of Rates)
38 with the actual costs prudently incurred and recoverable under Rider 2, for the
39 twelve months ended December 31, 2024. The order also requires Peoples Gas'
40 filing to reflect fifteen specified data for each of its Gas Charges. The order
41 further requires that Peoples Gas make notice of the filing of this evidence under
42 the requirements of 83 Illinois Administrative Code Part 255.

43 Q. Please describe the notice of the filing that Peoples Gas gave in this case.

44 A. When Peoples Gas made its filing in this proceeding, it placed copies of
45 the filed evidence, available for public inspection, in each of its offices. It also
46 posted public notice of the filing in each of these offices. Further, Peoples Gas
47 will cause notice of the filing to be published in the Chicago Tribune, a secular
48 newspaper of general circulation in Peoples Gas' service territory, under the
49 requirements of 83 Illinois Administrative Code Part 255.

50 Q. Please describe PGL Ex. 2.1.

51 A. PGL Ex. 2.1 includes a copy of the audit report of Peoples Gas'
52 independent public accountants, Deloitte & Touche LLP, and the verification by
53 Peoples Gas' President Maria Bocanegra. The audit report includes a copy of
54 Peoples Gas' Statement to Illinois Commerce Commission - Determination of
55 Reconciliation Balance for Gas Charge for the Year Ended December 31, 2024
56 ("2024 Statement") and Independent Auditors' Report, as described in Rider 2,
57 Section G, of Peoples Gas' Schedule of Rates.

58 Q. Was the 2024 Statement prepared by you or under your supervision and
59 direction?

60 A. Yes, it was.

61 Q. Are the verification and the audit report true and correct copies of Ms.
62 Bocanegra's verification and the independent public accountants' audit report?

63 A. Yes, they are.

64 Q. What are the types of Gas Charges that Peoples Gas files pursuant to its
65 Rider 2 and what costs do the Gas Charges recover?

66 A. Each month, Peoples Gas files a Commodity Gas Charge ("CGC"), a Non-
67 Commodity Gas Charge ("NCGC"), a Demand Gas Charge ("DGC"), and a
68 Storage Gas Charge ("SGC"). Peoples Gas also files two Hub Credit Gas
69 Charges ("HCGC₁" and "HCGC₂"). The sum of the CGC, NCGC and HCGC₁ is
70 the Gas Charge, which applies to all Peoples Gas-supplied therms except
71 standby therms supplied to transportation customers.

72 The standby commodity charge applies to standby therms. Peoples Gas
73 uses published price indices prescribed in the riders to determine the standby
74 commodity charge.

75 The CGC recovers commodity-related costs. The NCGC recovers non-
76 commodity related costs. The DGC also recovers non-commodity related costs
77 but from transportation customers. Peoples Gas credits revenues arising from
78 the application of the DGC against the non-commodity related costs used in
79 computing the NCGC.

80 The SGC recovers non-commodity related costs from customers served
81 under Riders CFY and SST. The SGC applies to all storage capacity therms
82 allocated to or subscribed by customers served under these riders. Peoples Gas
83 credits revenues arising from the application of the SGC against the non-
84 commodity related costs used in computing the NCGC. Given that the NCGC,
85 DGC, and SGC all recover non-commodity related costs, Peoples Gas jointly
86 reconciles revenues recovered under these charges with such costs.

87 The HCGC₁ and HCGC₂ are credits for revenues Peoples Gas receives
88 from interstate transportation and storage services that it offers under the Federal
89 Energy Regulatory Commission's jurisdiction. These services are often called
90 "hub" services. The HCGC₁ and the HCGC₂ are stand-alone credits for Rider
91 CFY customers and for large volume transportation customers, respectively.

92 Q. The Commission's order requires Peoples Gas to include certain data
93 from the prior reconciliation year in its determination of the current year's
94 reconciliation. Please specify any unamortized balance at December 31, 2023.

95 A. The unamortized balance at December 31, 2023, for each Gas Charge is
96 shown on Page 2, Line 1, of PGL Ex. 2.1. Peoples Gas' unamortized Factor A
97 balance at December 31, 2023, reflects a refundable balance of \$3,911,319.92
98 for the CGC and a refundable balance of \$2,248,154.04 for the NCGC, DGC,
99 and SGC, for a total refundable amount of \$6,159,473.96. These amounts are
100 also shown on Page 2, Line 12, of Peoples Gas' Statement to Illinois Commerce
101 Commission, Determination of Reconciliation Balance for Gas Charge for the
102 Year Ended December 31, 2023 ("2023 Statement"). Peoples Gas filed this

103 document as PGL Ex. 2.1 with Sam Addison's direct testimony in Docket No. 23-
104 0760, reconciliation of revenues collected under gas adjustment charges with
105 actual costs prudently incurred for the period January 1, 2023, through
106 December 31, 2023.

107 Q. Please specify the total adjustments to gas costs (that is, Factor A) that
108 were amortized to Schedule I in Peoples Gas' 2023 monthly filings but were not
109 yet reconciled through Schedule II of Peoples Gas' monthly filings at December
110 31, 2023.

111 A. Total unreconciled adjustments to gas costs (Factor A) reflect a refundable
112 amount of \$7,001,481.33 for the CGC, a refundable amount of \$925,814.86 for
113 the NCGC, DGC and SGC, and a refundable amount of \$233,373.57 for the
114 HCGC, for a total refundable balance of \$8,160,669.76. These adjustments, for
115 the reported months of November and December 2023, were not yet reconciled
116 at December 31, 2023. However, they are reflected in the respective Gas
117 Charges for the effective months of January and February 2024. These amounts
118 are shown on Page 2, Line 2, of PGL Ex. 2.1. They are also shown on Page 2,
119 Line 13, of Peoples Gas' 2023 Statement.

120 Q. What was Peoples Gas' refundable or recoverable balance for the year
121 ended December 31, 2023?

122 A. Peoples Gas' refundable or recoverable balance for the year ended
123 December 31, 2023, which is the sum of the amounts on Page 2, Lines 1 through
124 3, of PGL Ex. 2.1, reflects an over-recovery of \$10,912,801.25 for the CGC, an
125 over-recovery of \$3,173,968.90 for the NCGC, DGC and SGC and an over-

126 recovery of \$233,373.57 for the HCGC, for a total over-recovery of
127 \$14,320,143.72. These amounts are shown on Page 2, Line 4, of PGL Ex. 2.1.
128 They are also shown on Page 2, Line 11 and Line 15, of Peoples Gas' 2023
129 Statement.

130 Q. What are Peoples Gas' 2024 recoverable gas costs and revenues?

131 A. Recoverable gas costs and revenues are summarized and shown on Page
132 2, Line 5 and Line 6, respectively, of PGL Ex. 2.1. Recoverable gas costs
133 summarized and shown on Page 2, Line 5, of PGL Ex. 2.1 are \$227,516,578.25
134 for the CGC, \$52,352,869.90 for the NCGC, DGC and SGC and hub revenues to
135 be credited of \$8,147,588.01 for the HCGC, for a total of \$271,721,860.14 to be
136 recovered under the Gas Charge. Revenues arising through the application of
137 each Gas Charge summarized and shown on Page 2, Line 6, of PGL Ex. 2.1 are
138 \$219,416,444.14 for the CGC, \$53,297,591.91 for the NCGC, DGC and SGC,
139 and a credit amount of \$8,376,233.96 for the HCGC, for a total of
140 \$264,337,802.09 recovered under the Gas Charge. Recoverable gas costs and
141 revenues are shown in more detail on Pages 3, 4, and 5 of PGL Ex. 2.1 for the
142 CGC, NCGC, DGC and SGC, and HCGC, respectively.

143 Q. Please specify the pipeline refunds or surcharges that Peoples Gas
144 separately reported in 2024 monthly Gas Charge filings.

145 A. Peoples Gas' 2024 monthly Gas Charge filings included no separately
146 reported pipeline refunds or surcharges.

147 Q. Please specify any other adjustments that Peoples Gas separately
148 reported in 2024.

149 A. Peoples Gas' 2024 monthly Gas Charge filings included no other
150 separately reported adjustments.

151 Q. Please specify the interest, calculated under Section 525.50 of the
152 Commission's rules, for inclusion in Adjustments to Gas Costs (Factor A).

153 A. Interest, calculated under Section 525.50, for inclusion in Adjustments for
154 Gas Costs (Factor A) is shown on Page 2, Line 9, of PGL Ex. 2.1, and reflects a
155 refundable amount of \$160,556.82 for the CGC, and a refundable amount of
156 \$46,993.57 for the NCGC, DGC, and SGC, for a total refundable amount of
157 \$207,550.39.

158 Q. What was Peoples Gas' over- or under- recovery for 2024?

159 A. Peoples Gas' over- or under-recovery for 2024 is shown on Page 2, Line
160 10, of PGL Ex. 2.1. The over- or under-recovery for each Gas Charge can be
161 determined by deducting the amount on Line 6 (revenues arising through the
162 application of each Gas Charge) from the amount on Line 5 (costs recoverable
163 through each Gas Charge) and adding the amounts on Line 7 (separately
164 reported pipeline refunds or surcharges), Line 8 (separately reported other
165 adjustments), and Line 9 (interest). Using this calculation, Peoples Gas' over- or
166 under-recovery for 2024 reflects an under-recovery of \$7,939,577.29 for the
167 CGC, an over-recovery of \$991,715.58 for the NCGC, DGC and SGC, and an
168 under-recovery of \$228,645.95 for the HCGC, for a total under-recovery of
169 \$7,176,507.66.

170 Q. Please specify the cumulative recovery balance for the reconciliation year.

171 A. The cumulative recovery balance for the reconciliation year, which reflects
172 the sum of the (refundable)/recoverable balances for prior periods and for the
173 year ended December 31, 2024, for each respective Gas Charge, is shown on
174 Page 2, Line 11, of PGL Ex. 2.1. This amount, which can be determined by
175 summing the amounts on Line 4 (prior period balance) and Line 10 (2024
176 balance), reflects an over-recovery of \$12,973,223.96 for the CGC, an over-
177 recovery of \$4,165,684.48 for the NCGC, DGC, and SGC, and an over-recovery
178 of \$4,727.62 for HCGC, for a total over-recovery of \$7,143,636.06. These
179 amounts are also shown on line 15 and equal the sum of the amounts shown on
180 lines 12 (unamortized balance at the end of 2024), 13 (unreconciled adjustments
181 to gas costs), and 14 (Factor O amounts).

182 Q. Please specify any unamortized balance at the end of 2024.

183 A. The unamortized balance at the end of 2024 is shown on Page 2, Line 12,
184 of PGL Ex. 2.1. Peoples Gas' unamortized balance at the end of 2024 reflects a
185 recoverable balance of \$576,499.16 for CGC, and an refundable balance of
186 \$3,273,032.89 for the NCGC, DGC, and SGC, for a total refundable balance of
187 \$2,696,533.73.

188 Q. Please specify any adjustments to gas costs that were not yet reconciled
189 through Schedule II of Peoples Gas' monthly filings at December 31, 2024.

190 A. Total unreconciled adjustments to gas costs, which are shown on Page 2,
191 Line 13, of PGL Ex. 2.1, reflect a refundable amount of \$3,549,723.12 for the
192 CGC, a refundable amount of \$892,651.59 for the NCGC, DGC and SGC, and a
193 refundable balance of \$4,727.62 for the HCGC, for a total refundable balance of

194 \$4,447,102.33. The unreconciled adjustments to gas costs (Factor A), for the
195 reported months of November and December 2024, are not yet reconciled at the
196 end of 2024. However, they are reflected in the respective Gas Charges for the
197 effective months of January and February, 2024.

198 Q. Please specify any Factor O amounts requested by Peoples Gas for 2024.

199 A. Peoples Gas is not requesting a Factor O.

200 Q. Does PGL Ex. 2.1 include other reports that support the summary
201 amounts shown on Page 2?

202 A. Yes. PGL Ex. 2.1 includes a summary of the detailed Schedule II,
203 Adjustments to Gas Costs (Factor A) reports that Peoples Gas filed as part of its
204 monthly Gas Charge reports for 2024. Pages 6, 7 and 8 of PGL Ex. 2.1 reflect
205 Schedule II reports filed for the CGC, NCGC, DGC and SGC, and HCGC
206 respectively. These reports reflect the monthly reconciliation of recoverable gas
207 costs and Gas Charge revenues, adjustments to gas costs (Factor A), refunds
208 and other adjustments, Factor A amortizations and unamortized balances, Factor
209 O amortizations and unamortized balances, and interest determined for each
210 Gas Charge. Finally, Page 9 of PGL Ex. 2.1 contains notes that explain Gas
211 Charge reconciliation summary items noted on Page 2 of PGL Ex. 2.1.

212 Q. In its February 16, 2012 Order in Docket No. 07-0577, the Commission
213 approved the way Peoples Gas recovers costs incurred under a contract with
214 Kinder Morgan Illinois Pipeline (“KMIP”), but it ordered Peoples Gas “to track and
215 identify KIMP (*sic*) costs for future PGA Reconciliations.” How does Peoples Gas
216 recover KMIP costs?

217 A. KMIP is an interstate pipeline, and Peoples Gas incurs commodity and
218 non-commodity costs under the contract. Peoples Gas recovered these costs, in
219 the reconciliation period and in prior periods, through the CGC, NCGC and the
220 DGC. This is the same recovery mechanism it uses for other pipeline commodity
221 and non-commodity costs that are unrelated to storage services.

222 Q. What amount of KMIP costs did Peoples Gas include in the CGC, NCGC
223 and DGC calculations in the reconciliation period?

224 A. The CGC included \$17,954.46 in 2024. The NCGC and DGC included
225 \$1,824,000 in 2024.

226 Q. Does this conclude your direct testimony?

227 A. Yes, it does.

Page 1 of 9

The Peoples Gas Light and Coke Company

STATEMENT TO ILLINOIS COMMERCE COMMISSION

DETERMINATION OF RECONCILIATION BALANCE

FOR GAS CHARGE

FOR THE YEAR ENDED DECEMBER 31, 2024

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance (1)
For the Year Ended December 31, 2024

<u>Line</u>		<u>Commodity Gas Charge (CGC)</u>	<u>Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge (NCGC, DGC and SGC)</u>	<u>Hub Credit Gas Charge (HCGC)</u>	<u>Total Gas Charge</u>
Year Ended December 31, 2023					
1	Unamortized Balance at December 31, 2023 (Refund)/Recovery (2)	(\$3,911,319.92)	(\$2,248,154.04)	\$0.00	(\$6,159,473.96)
2	Factor A Adjustments unreconciled at December 31, 2023 (Refund)/Recovery (3)	(7,001,481.33)	(925,814.86)	(233,373.57)	(8,160,669.76)
3	Factor O (Refunded)/Recovered	0.00	0.00	0.00	0.00
4	Cumulative (Refundable)/Recoverable from December 31, 2023 (Line 1 + Line 2 + Line 3)	(10,912,801.25)	(3,173,968.90)	(233,373.57)	(14,320,143.72)
Year Ended December 31, 2024					
5	Costs Recoverable through the Gas Charge (4)	227,516,578.25	52,352,869.90	(8,147,588.01)	271,721,860.14
6	Revenues Arising through Application of the Gas Charge (5)	219,416,444.14	53,297,591.91	(8,376,233.96)	264,337,802.09
7	Separately Reported Pipeline Refunds or Surcharges	0.00	0.00	0.00	0.00
8	Separately Reported Other Adjustments	0.00	0.00	0.00	0.00
9	Interest	(160,556.82)	(46,993.57)	0.00	(207,550.39)
10	(Over)/Under Recovery For Reconciliation Year (Line 5 - Line 6 + Line 7 + Line 8 + Line 9)	7,939,577.29	(991,715.58)	228,645.95	7,176,507.66
11	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 4 + Line 10)	(2,973,223.96)	(4,165,684.48)	(4,727.62)	(7,143,636.06)
12	Unamortized Balance at December 31, 2024 (Refund) / Recovery (Line 11 - Line 13) (6)	576,499.16	(3,273,032.89)	0.00	(2,696,533.73)
13	Factor A Adjustments unreconciled at December 31, 2024 (Refund)/Recovery (7)	(3,549,723.12)	(892,651.59)	(4,727.62)	(4,447,102.33)
14	Factor O to be (Refunded)/Recovered in Future Periods	\$0.00	\$0.00	\$0.00	\$0.00
15	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 12 + Line 13 + Line 14) = Line 11	(2,973,223.96)	(4,165,684.48)	(4,727.62)	(7,143,636.06)

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE COMMODITY GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2024**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2024			
1.	Gas Costs by Type:			
	a. Purchases	\$ 251,354,576.59		
	b. Liability For Redelivery of Customer-Owned Gas	<u>(4,394,186.43)</u>		
2.	TOTAL GAS COSTS		\$ 246,960,390.16	Sum Lines 1a - 1b
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	137,337,176.18		
	b. Less: Gas Injected into Storage	(153,895,839.11)		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	(1,587,443.56)		
7.	a. Less: "Cash-Out" Schedule Revenues	(1,644,987.54)		
	b. Add: "Cash-Out" Schedule Costs	<u>347,282.12</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>(19,443,811.91)</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 227,516,578.25	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Commodity Gas Charge Revenues		<u>219,416,444.14</u>	
11.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
12.	Interest		(160,556.82)	
13.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>7,939,577.29</u>	Line 9 - Line 10 + Line 11 + Line 12

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE NON-COMMODITY GAS CHARGE, DEMAND GAS CHARGE AND STORAGE GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2024**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2024				
1.	Gas Costs by Type:			
	a. Transportation	\$ 13,507,343.11		
	b. Storage	52,971,277.47		
	c. FERC Order 636 Transition Costs	0.00		
	d. Demand Gas Charge Revenues	(5,960,359.38)		
	e. Storage Gas Charge Revenues	<u>(7,241,315.50)</u>		
2.	TOTAL GAS COSTS		\$ 53,276,945.70	Sum Lines 1a - 1e
3.	Less: Gas Used by Company	\$ 0.00		
4.	a. Add: Gas Withdrawn from Storage	7,518,458.55		
	b. Less: Gas Injected into Storage	(8,442,534.35)		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	0.00		
7.	a. Less: "Cash-Out" Schedule Revenues	0.00		
	b. Add: "Cash-Out" Schedule Costs	<u>0.00</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>(924,075.80)</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 52,352,869.90	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Non-Commodity Gas Charge Revenues	52,718,799.85		
	b. Excess Bank Charge	202,944.31		
	c. Storage and Balancing Charges	<u>375,847.75</u>		
11.	TOTAL REVENUES		<u>53,297,591.91</u>	Sum Lines 10a - 10c
12.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
13.	Interest		(46,993.57)	
14.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>(991,715.58)</u>	Line 9 - Line 11 + Line 12 + Line 13

The Peoples Gas Light and Coke Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE HUB CREDIT GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2024**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2024			
1.	TOTAL ACTUAL HUB REVENUES (applicable to Hub Credit Gas Charge)		\$ (8,147,588.01)	
2.	LESS ACTUAL HUB CREDIT GAS CHARGE ADJUSTMENTS		<u>(8,376,233.96)</u>	
3.	Refunds/Other Adjustments		0.00	
4.	Interest		0.00	
5.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>228,645.95</u>	Line 1 - Line 2 + Line 3 + Line 4

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Commodity Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2024

Line	Reported Month	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	Line
	November 2023	December	January 2024	February	March	April	May	June	July	August	September	October	November	December	Total 2024		
	Effective Month	January 2024	February	March	April	May	June	July	August	September	October	November	December	January 2025	February		
1	Actual Recoverable Costs - Reported Month	26,623,487.86	40,000,488.88	73,264,508.84	31,872,252.57	25,118,595.55	12,052,318.46	3,502,197.12	5,548,606.30	(1,658,669.55)	(457,854.93)	880,364.93	7,112,046.30	20,849,767.76	49,432,444.90	227,516,578.25	1
2	Actual Recoveries - Reported Month	30,262,921.67	35,980,529.21	48,212,702.91	34,092,816.31	32,195,595.12	14,653,743.29	5,996,353.92	5,159,922.06	5,268,511.19	5,131,787.99	3,706,303.15	7,137,324.19	20,020,242.40	37,841,141.61	219,416,444.14	2
3	Under/(Over) Recovery - Reported Month	(3,639,433.81)	4,019,959.67	25,051,805.93	(2,220,563.74)	(7,076,999.57)	(2,601,424.83)	(2,494,156.80)	388,684.24	(6,927,180.74)	(5,589,642.92)	(2,825,938.22)	(25,277.89)	829,525.36	11,591,303.29	8,100,134.11	3
4	Factor A Included in Reported Month	(1,576,680.70)	(2,257,409.05)	(4,196,726.02)	(2,804,755.31)	10,289,754.94	1,659,183.52	692,116.68	335,966.15	(105,143.11)	58,316.38	(398,793.90)	(744,979.84)	(2,087,406.51)	(3,251,854.59)	(554,321.61)	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	(5,216,114.51)	1,762,550.62	20,855,079.91	(5,025,319.05)	3,212,755.37	(942,241.31)	(1,802,040.12)	724,650.39	(7,032,323.85)	(5,531,326.54)	(3,224,732.12)	(770,257.73)	(1,257,881.15)	8,339,448.70	7,545,812.50	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	(7,402,790.62)	(8,460,780.76)	(3,911,319.92)	6,684,502.57	0.00	2,532,191.62	1,259,731.59	(439,169.09)	228,206.09	(6,434,681.59)	(11,272,458.00)	(12,466,661.78)	(10,030,829.80)	(6,990,252.31)		8
9	Total Adjustments Before Amortization	(12,618,905.13)	(6,698,230.14)	16,943,759.99	1,659,183.52	3,212,755.37	1,589,950.31	(542,308.53)	285,481.30	(6,804,117.76)	(11,966,008.13)	(14,497,190.12)	(13,236,919.51)	(11,288,710.95)	1,349,196.39		9
10	Total Amortization	(4,196,726.02)	(2,804,755.31)	10,289,754.94	1,659,183.52	692,116.68	335,966.15	(105,143.11)	58,316.38	(398,793.90)	(744,979.84)	(2,087,406.51)	(3,251,854.59)	(4,324,574.15)	774,851.03	2,897,436.60	10
11	Unamortized Balance - Factor A	(8,422,179.11)	(3,893,474.83)	6,654,005.05	0.00	2,520,638.69	1,253,984.16	(437,165.42)	227,164.92	(6,405,323.86)	(11,221,028.29)	(12,409,783.61)	(9,985,064.92)	(6,964,136.80)	574,345.36		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balances	(8,422,179.11)	(3,893,474.83)	6,654,005.05	0.00	2,520,638.69	1,253,984.16	(437,165.42)	227,164.92	(6,405,323.86)	(11,221,028.29)	(12,409,783.61)	(9,985,064.92)	(6,964,136.80)	574,345.36		13
14	Interest	(38,601.65)	(17,845.09)	30,497.52	0.00	11,552.93	5,747.43	(2,003.67)	1,041.17	(29,357.73)	(51,429.71)	(56,878.17)	(45,764.88)	(26,115.51)	2,153.80	(160,556.82)	14
15	Unamortized Balance Including Interest	(8,460,780.76)	(3,911,319.92)	6,684,502.57	0.00	2,532,191.62	1,259,731.59	(439,169.09)	228,206.09	(6,434,681.59)	(11,272,458.00)	(12,466,661.78)	(10,030,829.80)	(6,990,252.31)	576,499.16		15

The Peoples Gas Light and Coke Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2024

Line	Reported Month	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	Line
		November 2023	December	January 2024	February	March	April	May	June	July	August	September	October	November	December	Total 2024	
	Effective Month	January 2024	February	March	April	May	June	July	August	September	October	November	December	January 2025	February		
1	Actual Recoverable Costs - Reported Month	5,148,543.04	6,960,550.55	7,031,470.12	6,871,743.36	6,084,289.87	3,904,665.68	3,338,419.70	3,021,423.14	2,979,070.38	2,826,893.51	2,592,288.39	2,693,613.42	4,657,589.36	6,351,402.97	52,352,869.90	1
2	Actual Recoveries - Reported Month	7,745,249.67	9,038,713.80	9,943,374.54	6,166,197.86	4,471,498.97	3,570,277.38	1,403,946.32	1,430,312.14	1,030,255.29	1,133,193.45	1,221,131.00	2,400,590.23	6,667,034.60	13,859,780.13	53,297,591.91	2
3	Under/(Over) Recovery - Reported Month	(2,596,706.63)	(2,078,163.25)	(2,911,904.42)	705,545.50	1,612,790.90	334,388.30	1,934,473.38	1,591,111.00	1,948,815.09	1,693,700.06	1,371,157.39	293,023.19	(2,009,445.24)	(7,508,377.16)	(944,722.01)	3
4	Factor A Included in Reported Month	1,013,387.90	503,637.61	(303,136.44)	(622,678.42)	(1,090,714.64)	(694,071.83)	(264,455.72)	(231,037.62)	(74,679.62)	4,947.27	115,256.25	561,629.41	1,828,387.27	3,536,532.65	2,765,978.56	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	(1,583,318.73)	(1,574,525.64)	(3,215,040.86)	82,867.08	522,076.26	(359,683.53)	1,670,017.66	1,360,073.38	1,874,135.47	1,698,647.33	1,486,413.64	854,652.60	(181,057.97)	(3,971,844.51)	1,821,256.55	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	0.00	(1,286,049.79)	(2,248,154.04)	(4,392,520.79)	(3,632,153.30)	(2,858,663.75)	(3,001,001.50)	(1,262,062.28)	93,490.37	1,860,859.62	3,011,617.81	2,681,880.05	0.00	(148,280.69)		8
9	Total Adjustments Before Amortization	(1,583,318.73)	(2,860,575.43)	(5,463,194.90)	(4,309,653.71)	(3,110,077.04)	(3,218,347.28)	(1,330,983.84)	98,011.10	1,967,625.84	3,559,506.95	4,498,031.45	3,536,532.65	(181,057.97)	(4,120,125.20)		9
10	Total Amortization	(303,136.44)	(622,678.42)	(1,090,714.64)	(694,071.83)	(264,455.72)	(231,037.62)	(74,679.62)	4,947.27	115,256.25	561,629.41	1,828,387.27	3,536,532.65	(33,331.26)	(859,320.33)	2,799,141.83	10
11	Unamortized Balance - Factor A	(1,280,182.29)	(2,237,897.01)	(4,372,480.26)	(3,615,581.88)	(2,845,621.32)	(2,987,309.66)	(1,256,304.22)	93,063.83	1,852,369.59	2,997,877.54	2,669,644.18	0.00	(147,726.71)	(3,260,804.87)		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balance	(1,280,182.29)	(2,237,897.01)	(4,372,480.26)	(3,615,581.88)	(2,845,621.32)	(2,987,309.66)	(1,256,304.22)	93,063.83	1,852,369.59	2,997,877.54	2,669,644.18	0.00	(147,726.71)	(3,260,804.87)		13
14	Interest	(5,867.50)	(10,257.03)	(20,040.53)	(16,571.42)	(13,042.43)	(13,691.84)	(5,758.06)	426.54	8,490.03	13,740.27	12,235.87	0.00	(553.98)	(12,228.02)	(46,993.57)	14
15	Unamortized Balance Including Interest	(1,286,049.79)	(2,248,154.04)	(4,392,520.79)	(3,632,153.30)	(2,858,663.75)	(3,001,001.50)	(1,262,062.28)	93,490.37	1,860,859.62	3,011,617.81	2,681,880.05	0.00	(148,280.69)	(3,273,032.89)		15

The Peoples Gas Light and Coke Company

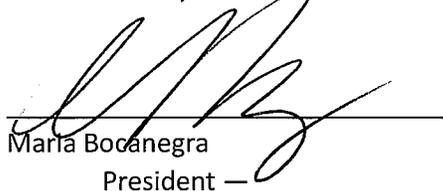
Statement to Illinois Commerce Commission Determination of Reconciliation Balance for Gas Charge For the Year Ended December 31, 2024

Notes

- (1) The Peoples Gas Light and Coke Company (the Company) maintains its financial books and records in accordance with accounting principles generally accepted in the United States of America. This Statement to Illinois Commerce Commission – Determination of Reconciliation Balance for Gas Charge has been prepared from the financial books and records of the Company on the basis of Section G of the Company’s Rider 2, in effect and on file with the Illinois Commerce Commission, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Illinois Commerce Commission.
- (2) Unamortized (refundable)/recoverable balance at December 31, 2023. For the Commodity Gas Charge, see Page 6, Line 15, Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 15, Column B. For the Hub Credit Gas Charge, see Page 8, Line 15, Column B.
- (3) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2024 and February 1, 2024 and not yet reconciled for the reporting months of November 2023 and December 2023, respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column A and Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 10 and sum the amounts in Column A and Column B. For the Hub Credit Gas Charge, see Page 8, Line 10 and sum the amounts in Column A and Column B.
- (4) Detail of costs recoverable through the Commodity Gas Charge provided on Page 3. Detail of costs recoverable through the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4. Detail of hub revenues to be credited through the Hub Credit Gas Charge provided on Page 5.
- (5) Revenue arising through the application of the Gas Charge including the Adjustment for Gas Costs (Factor A). Detail of revenue arising from the Commodity Gas Charge provided on Page 3. Detail of revenue arising from the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4. Detail of hub credits arising from the Hub Credit Gas Charge provided on Page 5.
- (6) Unamortized (refundable)/recoverable balance at December 31, 2024. For the Commodity Gas Charge, see Page 6, Line 15, Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 15, Column N. For the Hub Credit Gas Charge, see Page 8, Line 15, Column N.
- (7) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2025 and February 1, 2025 and not yet reconciled for the reporting months of November 2024 and December 2024, respectively. For the Commodity Gas Charge, see Page 6, Line 10 and sum the amounts in Column M and Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 7, Line 10 and sum the amounts in Column M and Column N. For the Hub Credit Gas Charge, see Page 8, Line 10 and sum the amounts in Column M and Column N.

CERTIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies aforesaid that she verily believes the same to be true.

A handwritten signature in black ink, appearing to read 'MB', is written over a horizontal line.

Maria Bocanegra

President —

North Shore Gas Company and
The Peoples Gas Light and Coke Company

April 17, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Peoples Gas Light and Coke Company:

Opinion

We have audited the accompanying Report to the Illinois Commerce Commission on Determination of Reconciliation Balance for Gas Charge of The Peoples Gas Light and Coke Company (the "Company") for the year ended December 31, 2024, and the related notes (the "Statement").

In our opinion, the Statement referred to above, presents fairly, in all material respects, the information set forth therein of the Company for the year ended December 31, 2024, in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the Illinois Commerce Commission ("ICC").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note (1) to the Statement, which describes the basis of accounting. The Statement was prepared by the Company on the basis of the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is

a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Company and the ICC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

Milwaukee, Wisconsin
April 17, 2025

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
The Peoples Gas Light and)	
Coke Company)	Docket No. 24-0774
)	
)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

NOTICE OF FILING AND CERTIFICATE OF SERVICE

I hereby certify that The Peoples Gas Light and Coke Company filed its **Direct Testimony and Exhibits** on the Illinois Commerce Commission’s e-docket system and served by electronic mail upon each person designated in the official service list compiled in this proceeding, Docket No. 24-0774, in accordance with requirements of the Commission’s Rules of Practice.

Dated at Chicago, Illinois, this 17th day of April, 2025.

By: /S/ KOBY BAILEY

Koby Bailey
An Attorney for
The Peoples Gas Light
and Coke Company