

1 CHAIRMAN FLORES: Pursuant to the provisions of
2 the Illinois Open Meetings Act, I now convene a
3 regularly scheduled open meeting of the Illinois
4 Commerce Commission.

5 With me in Chicago are Commissioners
6 Ford and O'Connell-Diaz. With me in Springfield via
7 videoconference are Commissioner Elliott and Acting
8 Commissioner Colgan. I am Acting Chairman Flores.
9 We have a quorum this morning.

10 Before moving into the agenda,
11 pursuant to Section 1700.10 of the Illinois
12 Administrative Code, this is the time that we allow
13 for members of the public to address the Commission.
14 Members of the public wishing to address the
15 Commission must notify the Chief Clerk's Office at
16 least 24 hours prior to the bench session.

17 Please be advised that while the
18 Commission values the public's participation in the
19 public comment period, according to ex parte laws and
20 other procedural rules, we are unable to respond.
21 However, if members of the public have any questions
22 or would like to further -- to make further

1 inquiries, please contact our Consumer Services
2 Division.

3 According to the Chief Clerk's Office,
4 we have five requests to speak this morning.
5 Speakers are permitted 3 minutes to address the
6 Commission.

7 First we have Trustee Niemiec.

8 Miss Niemiec.

9 MS. LAURAL WARD: Ms. Niemiec was unable to
10 attend. She had a family emergency.

11 CHAIRMAN FLORES: I hope everything is okay.
12 Very good. Thank you.

13 Next we have Trustee Laural Ward.

14 MS. LAURAL WARD: Thank you. Good morning.

15 CHAIRMAN FLORES: Good morning.

16 MS. LAURAL WARD: My name is Laural Ward. And
17 I'm here not as a trustee but as a concerned resident
18 of the Village of Homer Glen. I'm concerned because
19 our community cannot prosper without access to
20 essential services at fair and reasonable rates. I'm
21 concerned about Docket No. 09-0319 because we need
22 water and sewer to survive, let alone to thrive.

1 I'd like to share a short parable to
2 express my thoughts about this Illinois American rate
3 increase. Please consider the following: A
4 gentleman in our community wants to install a paver
5 brick driveway. He calls a paver supply company and
6 says, I need four pallets of pavers. The supply rep
7 explains that she would prepare a quote, but just so
8 you know, there will be a charge for delivery and
9 four pallets of paver requires a 20-foot truck.

10 Homer needs those pavers delivered to
11 home his home so I says, I understand, please send me
12 the quote. But when he gets the quote he is shocked
13 and immediately calls the supply company to inform
14 them they've made a mistake. I've asked you for four
15 pallets of pavers and you've quoted me five. That's
16 right, said the rep. You see, we lost pavers along
17 the way, so sometimes the load is not properly
18 strapped down and pavers fall off the truck.

19 Sometimes the driver stops for lunch and since the
20 truck is not secure, people might steal some of the
21 pavers. And there are houses in construction in your
22 area and they may need pavers for their project and

1 they may take some of them, too. So we have to
2 charge for five loads of -- pallets of pavers or we
3 will lose money.

4 Homer is stunned, but he also wants to
5 know why he's being charged for two 45-foot trucks
6 when he was told he only needed one 20-foot truck.
7 Oh, said the rep, trust us. It's better that way.
8 We can make more deliveries. If we can get other
9 customers that need pavers, we can deliver your order
10 then continue on down the road and deliver theirs,
11 too. It's more efficient that way and saves money.

12 But why are you sending two trucks,
13 asks Homer? Oh, no, said the rep, you misunderstand.
14 We're not sending two trucks, we're just charging you
15 for two. We need to expand our operations in the
16 future and we need to buy another truck.

17 I don't get it, cries Homer. Why
18 should I pay for your lost pavers and your expansion
19 plans? Shouldn't that be paid for by the investors
20 in your company and repaid by your future customers?
21 The rep simply responds, Why should we do that when
22 we can charge you?

1 So what does Homer do? He does what
2 any intelligent consumer does. And he says, No thank
3 you, and he calls another supplier. But Homer Glen
4 residents don't have that option. We don't have
5 another water supply company, neither do our schools
6 and our other taxing districts, our businesses, our
7 senior citizens, our community organization, our
8 charities. The only place we can look is to you, the
9 ICC.

10 Don't give Illinois America more money
11 with the promise that they'll improve things.
12 Please, make them improve things first. Make them
13 accountable for their business practices, their
14 business decisions and their own investments.
15 Approving this request is like giving them a blank
16 check and saying, Do what you want.

17 These are challenging economic times.
18 Tell Illinois American the State of Illinois is now
19 scrutinizing financial matters and demanding
20 accountability. Tell them the State of Illinois will
21 be vigilantly protecting ratepayers and helping
22 return our state to a position of economic strength.

1 So I ask you, what would you do with
2 the quote like the one Homer received? Thank you for
3 your time.

4 CHAIRMAN FLORES: Thank you, Trustee Ward.

5 Next we have Avis Gibons.

6 MS. AVIS GIBONS: Good morning. Avis Gibons,
7 resident of Mount Prospect. I actually want to
8 address three dockets before the ICC. Thank you for
9 your opportunity and attention.

10 The first is 09-0151, approval of
11 reconciliation to purchase water and purchase sewer
12 charges. Illinois-American Water hasn't offered an
13 explanation and justification for increasing the
14 maximum tariffed, unaccounted for water percentages
15 by 1.25 percent. I ask that you please limit the
16 recovery of these costs to the percentages contained
17 in Illinois-American Water's tariffs.

18 The second docket, 09-0251 on the
19 agenda today, proposed implementation of the QIP
20 surcharge rider. The Commission has emphasized the
21 technicalities in this case and reminded us that a
22 rider is not a rate filing. With all due respect,

1 this is an artificial distinction as far as customers
2 are concerned. Any vehicle that increases our costs
3 is a rate increase, whatever terminology is used to
4 describe it. Furthermore, the fact that law or rule
5 provides for filing of a surcharge rider does not
6 relieve the filing entity to need to provide
7 justification, whether an additional charge is billed
8 in April of 2010 or January of 2011 is irrelevant if
9 that surcharge is not justified.

10 The third docket, Case 09-0139, the
11 proposed general increase in water and sewer rates.
12 Illinois-American Water's indicated it is unable to
13 lower its costs and must charge more than water
14 utilities operated by municipalities. One
15 Illinois-American Water witness testified the
16 comparison of Illinois-American water rates to
17 municipal water rates is, quote, meaningless,
18 unquote. It is not meaningless to a customer who
19 suffers financial hardship as a result of
20 Illinois-American water costs or who loses a home
21 sale after the perspective buyer reviews the water
22 utility costs or who receives water of lesser quality

1 despite a common source, Lake Michigan.

2 Compared to the Village of Mount
3 Prospect Water Quality Report the Illinois-American
4 Water Quality Report indicated detection levels that
5 were 23 percent higher for combined radium,
6 22 percent higher for nitrates or nitrites, and
7 24 percent higher for sodium and positive for
8 pathogenic bacteria of fecal origin, which was
9 negative in the village report.

10 As for its inability to lower costs,
11 Illinois-American Water has not indicated that it has
12 attempted to negotiate prices with water suppliers or
13 other vendors, made meaningful reductions in
14 personnel or taken similar steps that other
15 organizations have taken to control costs in this
16 economic climate. Why should it if the ICC just
17 rubber stamps requests to increase rates?

18 The proposed ICC order of
19 February 22nd, 2010, would grant Illinois-American
20 water a 28 -- a 28 percent increase.
21 Illinois-American Water customers in Mount Prospect
22 already pay twice the costs paid for water and sewer

1 service by their neighbors receiving water from the
2 municipal system in Mount Prospect. We are
3 struggling with unemployment or underemployment,
4 increasing property taxes and healthcare premiums,
5 and decreasing savings and home values. A 28 percent
6 increase of any type could break household budgets
7 and it is absolutely unconscionable in the midst of
8 this deep recession.

9 We ask that the Illinois Commerce
10 Commission fulfill its responsibility to assure
11 reasonable and affordable rates. Please put people
12 before profits. Issue orders denying approval of
13 Illinois-American's annual reconciliation surcharges,
14 proposed implementation of the QIP surcharge rider
15 and proposed general increase in Illinois-American
16 Water's water and sewer rates. Thank you.

17 CHAIRMAN FLORES: Thank you so much.

18 Next we have Robert Boros. Mr. Boros.

19 MR. ROBERT BOROS: My name's Robert Boros. I
20 live at 1808 Azalea Lane in Mount Prospect. Been
21 a -- been there for the last 23 years.

22 Last fall at the public hearing in

1 Springfield American Water declined to question all
2 in -- those in positions to propose water rate
3 increase. And they stated that we, the citizens,
4 were irrelevant because we were not familiar with
5 procedures required for ask -- for a rate increase.

6 Here's what I do understand: We, the
7 consumers, are the spring from which the money flows.
8 We are being squeezed by the lack of increases in
9 salaries, unemployment, severe drops in the value of
10 the homes and our investments since 2000. While our
11 income and nest egg shrink, costs are raising double
12 digits for basic services.

13 Profit requests for IAW are far beyond
14 increases for cost of living. IAW increased at a
15 cost of water in my community has risen by 30 percent
16 since 2002 and now they want another 28 to
17 30 percent.

18 What does IAW actually do? The water
19 we receive is made drinkable not by IAW, but is
20 indirectly supplied by the City of Wilmette. They
21 sell it to Glenview who acts as a wholesaler selling
22 it to IAW. Glenview charges \$11.90 basic fee plus

1 another \$2.23 per thousand gallon charge. IAW then
2 charges us additional basic fee of 9.75 and a \$3.71
3 per thousand dollar charge. Note, this is 61 percent
4 higher than what Glenview charges us for the same
5 water.

6 IAW charges, again, \$17.75 -- 55 cents
7 for wastewater collection. Again, they do not treat
8 the wastewater. They only pass it on to water rec.
9 Water rec costs for treatment is on our tax bill.
10 And this has actually dropped from an average of \$16
11 to \$14 on my last tax bill. The only function is
12 delivery and removal of water, yet there costs are
13 higher than those who refine the water or remove the
14 pollutants from our water.

15 In my March 2010 water bill, closely
16 reflects the costs reflected in the Daily Herald
17 article of March 17th, which indicated that the
18 charges to the average household is approximately
19 double, sometimes four times greater than all the
20 surrounding communities. The rates structure for
21 waters is also strangely different from other
22 utilities and that's something from the ICC.

1 71 percent of my water bill is not based on
2 usage, but it is based on fees. If one includes the
3 water rec -- a cost that can increase to 94 percent
4 of my bill. There's no hope of me conserving to a
5 lower bill. What can I do? My rate is 94 percent in
6 fees. In contrast, my electric bill is based mainly
7 on usage and only 15 percent of the total being fees.
8 My natural gas bill is similar to the electric bill.
9 Commodity costs in kilowatts or therms, reflected in
10 my natural gas and electric, are defined to two or
11 three decimal points. Water usage rates increase in
12 quantum leaps of thousand-gallon units. If I use no
13 water, I'm charged the same if I use 1,000 gallons.
14 If I use 1,001, my rate goes to the 2,000-gallon
15 limit. On gas and electric I can control my amount
16 of the bill by conserving. I cannot do that with
17 water.

18 In closing, we are the public being
19 squeezed as I seen in a public hearing in Mount
20 Prospect from many, beyond the breaking point.
21 Municipalities -- or the people state that if they
22 knew the water costs in our community were that high,

1 they would have chosen somewhere else to live. And
2 that has caught the eye of our municipality.

3 ICC is the protector of the consumer.
4 I know companies must make a profit, but 60 percent
5 increase in these times seems a bit excessive. These
6 types of increase will destroy the source of all of
7 revenue if you don't make reasonable decisions. You
8 will need to step up and deny or at least drastically
9 reduce the proposed rate increase.

10 Thank you for allowing me to voice my
11 opinion at this hearing.

12 CHAIRMAN FLORES: Thank you, Mr. Boros.

13 Next we have Karen Behr.

14 MS. KAREN BEHR: Behr.

15 CHAIRMAN FLORES: Sorry, Miss Behr. Good
16 morning.

17 MS. KAREN BEHR: I'm also a resident of Mount
18 Prospect, and I thank you for your time and
19 attention.

20 The proposed ICC order of
21 February 22nd, 2010, would grant Illinois-America
22 Water a 28 percent increase. Where will this

1 additional revenue go? According to the March 1st,
2 2010 Fourth Quarter 2009 Report of American Water,
3 Illinois-American Water's parent company, the
4 long-term objectives includes sustaining a dividend
5 payout ratio in the 50 to 70 percent range of net
6 income. The report indicates that for 2009 operating
7 revenues were up 4.4 percent and earnings per share
8 increased over 13 percent despite wet weather and a
9 poor economy. While the Dow Jones and S&P 500 were
10 down 34 percent, American-Water was up 3 1/2 percent.

11 And how did they do this? By filing
12 rate cases. The report explicitly refers to rate
13 cases as a means of, quote, executing our strategy,
14 unquote. The report states, Increases were primarily
15 a result of recognition of prudent investments
16 through rate awards. It doesn't sound like those
17 rate awards were used to support infrastructure
18 improvements.

19 Indeed, while the report references
20 American Water's commitment to the investor, there's
21 no mention of commitment to the customer. The report
22 indicated that net cash provided by operating

1 activities increased 8 percent and 2009 cash flow
2 from operating activity increased by more than
3 15 percent. Meanwhile, the operating expenses
4 actually decreased by 10 percent. So business grew
5 and dividends paid to shareholders increased by 5
6 percent. Yet IAW cries poor and the ICC listens.

7 It appears that the ICC has become a
8 rubber stamp for Illinois-American Water approving
9 tariffs and other charges without requiring adequate
10 justification and with complete disregard for the
11 concerns and hardships of the people of the State of
12 Illinois who've appeared in great numbers in public
13 forums and otherwise voiced their concerns to the
14 ICC.

15 Last week it was reported that
16 Illinois unemployment is now in excess of 11 percent.
17 Social Security beneficiaries will receive no cost of
18 living increase this year. Those on fixed incomes
19 who are lucky enough to have some savings earn a rate
20 of returns less than 1 percent that FDIC insured
21 institution, yet the ICC has issued a proposed order
22 that would guarantee IAW a rate of return of nearly

1 11 percent. Why such a hefty return when IAW takes
2 no risk? The consumers carry all the risk because
3 IAW has a complete monopoly in the areas where it
4 controls water delivery. Yet the ICC orders IAW
5 customers to absorb a 28 percent increase in the cost
6 of this basic necessity, water.

7 We ask the Illinois Commerce
8 Commission to fulfill its responsibility to ensure
9 reasonable and affordable rates. To grant a rate
10 hike now would ignore the hardships faced by Illinois
11 residents and would be a failure of the ICC to act
12 responsibly. Please put people before profits.
13 Issue orders denying the approval for IAW's annual
14 reconciliation surcharges, proposed implementation of
15 IAW's QIP and proposed general increase in IAW's
16 water and sewer rates. Thank you.

17 CHAIRMAN FLORES: Thank you, Miss Behr.

18 Those are all the speakers that we
19 have scheduled for this morning. Thank you so much
20 for your participation and coming before the ICC this
21 morning.

22 Turning now to our scheduled agenda,

1 our first item is approval of minutes from the
2 February 22nd, 2010 special open meeting. I
3 understand that there are no amendments.

4 Is there a motion to approve the
5 minutes?

6 COMMISSIONER O'CONNELL-DIAZ: So moved.

7 CHAIRMAN FLORES: Is there a second?

8 COMMISSIONER FORD: It's been moved and
9 seconded.

10 All in favor say "aye."

11 (Chorus of ayes.)

12 CHAIRMAN FLORES: Any opposed?

13 (No response.)

14 CHAIRMAN FLORES: The vote is 5-0. The minutes
15 are approved.

16 Item No. 2 is Docket 07-0568, Central
17 Illinois Company d/b/a American -- excuse me --
18 AmerenCILCO seeks entry of an order approving
19 reconciliation of revenues collected under gas
20 adjustment charges with actual costs prudently
21 incurred. Staff recommends entering the Order
22 approving reconciliation.

1 Is there a motion to enter the Order
2 approving reconciliation?

3 COMMISSIONER FORD: So moved.

4 CHAIRMAN FLORES: Is there a second?

5 COMMISSIONER O'CONNELL-DIAZ: Second.

6 CHAIRMAN FLORES: It's been moved and seconded.

7 All in favor say "aye."

8 (Chorus of ayes.)

9 CHAIRMAN FLORES: Any opposed?

10 (No response.)

11 CHAIRMAN FLORES: The vote is 5-0. The Order
12 is entered.

13 We will use this 5-0 vote for the
14 remainder of the agenda unless otherwise noted.

15 Item No. 3 is Docket 07-0569, Central
16 Illinois Public Service Company d/b/a AmerenCIPS,
17 seeks entry of an order approving reconciliation of
18 revenues collected under gas adjustment charges with
19 actual costs prudently incurred. Staff recommends
20 entering the Order approving reconciliation.

21 Is there any discussion?

22 (No response.)

1 CHAIRMAN FLORES: Any objections?

2 (No response.)

3 CHAIRMAN FLORES: Hearing none, the Order is
4 entered.

5 Items 4 and 5 will be held.

6 Item No. 6 is Docket 10-0172, North
7 Shore Gas Company has requested special permission in
8 order to retain the availability of the residential
9 rebate programs under Rider EEP, Enhanced Efficiency
10 Program, by revising its Rider EEP on less than the
11 required notice. Staff recommends the Commission
12 allow the Company's proposal by granting the
13 Company's request for special permission.

14 Is there any discussion?

15 (No response.)

16 CHAIRMAN FLORES: Any objections?

17 (No response.)

18 CHAIRMAN FLORES: Hearing none, the request for
19 special permission is granted.

20 Item 7 is Docket 09-0251,
21 Illinois-American Water company filed a petition
22 seeking entry of an order approving Qualifying

1 Infrastructure Plan, otherwise known as QIP Surcharge
2 Riders.

3 The QIP Surcharge Rider would allow
4 the Company to recover from customers subject to an
5 annual reconciliation process the costs associated
6 with qualifying the projects. The Commission held
7 oral argument on this docket on February 23rd, 2010.

8 Is there any discussion on this
9 matter?

10 COMMISSIONER COLGAN: Mr. Chairman.

11 CHAIRMAN FLORES: Yes, Commissioner Colgan.

12 COMMISSIONER COLGAN: I am going to support
13 this request because I believe the request has met
14 the basic legal standard.

15 However, this case is troubling to me.
16 The fact that the rider will only be in effect for
17 one month seems to be an insignificant basis to have
18 put this Commission and the various parties through a
19 one-year debate on this issue. And also the Company
20 currently has a rate case pending before the
21 Commission and that rate case gives us the same
22 future test year as the QIP request. And this

1 creates questionable and confusing problems in my
2 mind.

3 In my opinion, this opens the door for
4 great confusion on the part of the customers of the
5 Company. And in combination with the argument that
6 this QIP would only be in effect for a one-month
7 period, granting the QIP is questionably not in the
8 public interest. And as a result, even though I'm
9 going to vote because I think it's met the legal
10 standard, I would like to request that the Company
11 not implement this QIP.

12 COMMISSIONER ELLIOTT: Mr. Chairman?

13 CHAIRMAN FLORES: Yes, Commissioner.

14 COMMISSIONER ELLIOTT: I would echo
15 Commissioner Colgan's concerns. I think that the
16 back-to-back nature of these cases has created this
17 one-month application of this QIP, which I think
18 really sends the wrong signals to customers and can
19 add to confusion rather than clarify things.

20 It would be my recommendation to the
21 Company that they voluntarily table the application
22 of this until 2011. But I, too, will support the

1 order that stands, but would strongly recommend that
2 the Company consider that that request --

3 CHAIRMAN FLORES: And you're referring to the
4 QIP; correct?

5 COMMISSIONER ELLIOTT: Yes.

6 CHAIRMAN FLORES: -- implementation, so the
7 record is clear.

8 Any further discussion?

9 COMMISSIONER O'CONNELL-DIAZ: I would echo the
10 concerns that were expressed by Commissioner Colgan.
11 I think the Commission is in a tough position because
12 the legal sufficiency has been met here, as pointed
13 out by Commissioner Colgan. From the standpoint of
14 future matters that this Company will have before the
15 Commission, I think they hopefully have someone
16 listening to this discussion and understand the
17 comments that are being made by the Commissioners to
18 getting us into this situation. And I would think
19 that would be constructive for them to react to the
20 comments that we've made here today.

21 So, again, we do have a statute here
22 that provides for this. So the Commission, I

1 think we've -- are judges have -- not rubber-stamped
2 this, but we must abide by what the legislative
3 mandate is with regard to this issue and that's kind
4 of where we are. So... So, I do -- I share the
5 concerns cited by Commissioner Colgan and
6 Commissioner Elliott.

7 COMMISSIONER FORD: I certainly concur with all
8 of this. But, once again, it's something
9 Commissioner O'Connell-Diaz said, this was given to
10 us by our legisl- -- by our state legislature, and we
11 are simply following the law.

12 CHAIRMAN FLORES: I would also like to
13 reiterate that there was an -- Staff analyzed this
14 matter not only relying on the statute -- which I
15 might add, also explicitly provides for this type of
16 rider with the QIP, unlike other riders -- but that
17 in addition to the legislative analysis, that there
18 was also a reference to the rules that had been set
19 forth by this Commission in analyzing such QIP
20 requests and that there was an exhaustive analysis.

21 That being said, in oral argument it
22 was very apparent by the questions and the queries

1 made by the Commissioners, and obviously as a stated
2 here today, that there is a deep concern by this
3 Commission with regards to the potential for
4 confusion -- customer confusion, and also in that
5 vein, ensuring that customers understand and -- what
6 they are being charged for and that they have that
7 right and that that right should be preserved and
8 protected.

9 I also stand with the other
10 Commissioners in making their recommendation that the
11 Company table its application until 2011 given that
12 there is also a pending rate case in which, as
13 Commissioner Colgan has already indicated, we're
14 using the same test year.

15 So to the extent that this Commission
16 is bound by the rules that -- and the laws that it
17 must adhere to, it is exercising its rightful
18 discretion in making this recommendation, strong
19 recommendation to the Company that it address the
20 public policy concern that we share and that we are
21 strongly expressing today, and recommend that
22 implementation be delayed until 2011.

1 Is there any further discussion on
2 this matter?

3 (No response.)

4 CHAIRMAN FLORES: That being said, I believe
5 that everyone is in accord with the recommendation
6 made by Staff and that there are five votes in
7 support of order of -- of granting the Order, again,
8 with the caveat that we have this -- made this
9 recommendation to the Company to table the
10 application until 2011.

11 But let the record reflect that the
12 Order is granted.

13 Item 8 is Docket 09-0319. The Village
14 of Homer Glen, St. Joseph and Savoy, and the City of
15 Champaign and Urbana as well as the People of the
16 State of Illinois request oral argument pursuant to
17 Title 83, Section 200.850 of the Illinois
18 Administrative Code.

19 The Commission is prepared to schedule
20 oral argument for Tuesday, March 23rd at 1:00 p.m. at
21 the Commission's offices in Springfield.

22 Is there any discussion?

1 (No response.)

2 CHAIRMAN FLORES: Any objections?

3 (No response.)

4 CHAIRMAN FLORES: Hearing none, the request is
5 approved and notice will be sent to the parties.

6 Judge Wallace, are there any other
7 matters to come before the Commission, sir?

8 JUDGE WALLACE: No, sir. Other than on the
9 oral argument, do you have a list of the issues yet?

10 CHAIRMAN FLORES: Your Honor, I don't at this
11 time. What we will do, as is custom, our fine
12 assistants will be forwarding those matters to your
13 office in a time consistent with meeting the notice
14 requirements.

15 JUDGE WALLACE: Okay. What we will do, as
16 normal, is go ahead and send out the notice of oral
17 argument followed up by the other details then.

18 CHAIRMAN FLORES: Very well. Thank you.

19 Very well. That being said, are there
20 any other matters, Judge?

21 JUDGE WALLACE: No, sir.

22 CHAIRMAN FLORES: Okay. Hearing none, this

1 meeting then stands adjourned. Commissioners, thank
2 you very much. Hope you guys have a great day. See
3 you soon.

4 (Whereupon, the meeting was
5 adjourned.)

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