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BEFORE THE
ILLINOIS COMMERCE COMMISSION
PUBLIC UTILITY REGULAR OPEN MEETING
Tuesday, June 7, 2016
Chicago, Illinois

Met pursuant to notice at 10:30 a.m. at
160 North LaSalle Street, Chicago, Illinois.

PRESENT:

- BRIAN J. SHEAHAN, Chairman
- JOHN R. ROSALES, Commissioner
- SHERINA MAYE EDWARDS, Commissioner
- MIGUEL DEL VALLE, Commissioner
- ANN McCABE, Commissioner

SULLIVAN REPORTING COMPANY, by
CHRISTA YAN
CSR No. 084-004816

1 CHAIRMAN SHEAHAN: Good morning.

2 Pursuant to the Open Meetings Act, I
3 call the June 7, 2016, Regular Open Meeting of the
4 Illinois Commerce Commission to order.
5 Commissioners McCabe, Del Valle, Edwards are with us.
6 Rosales will join us in a moment.

7 We have a quorum. We have no requests
8 to speak and will, therefore, move into our Regular
9 Public Utility Agenda. There are no edits to the
10 Minutes of our May 25, 2016, Regular Open Meeting.

11 Moving on to our Public Utility
12 Agenda, there are no minutes to approve for this
13 session.

14 Identity E-1 concerns Ameren's filing
15 to cancel its Rider Clean Coal Adjustment.

16 Are there any objections to not
17 suspending the filing?

18 Hearing none, the filing is not
19 suspended.

20 Item E-2 concerns a customer Complaint
21 against ComEd.

22 Are there any objections to approving

1 the joint motion to dismiss?

2 Hearing none, the motion is granted.

3 Item E-3 concerns Ameren Transmission
4 Company of Illinois' petition requesting the use of
5 eminent domain authority over certain parcels of
6 land.

7 Are there any objections approving the
8 proposed order?

9 Hearing none, the Order is approved.

10 Item E-4 concerns ComEd's Application
11 seeking approval to engage in certain financial
12 transactions.

13 Are there any objections to approving
14 the proposed order?

15 Hearing none, the Order is approved.

16 Item E-5, concerns ComEd's Petition to
17 engage in transactions with affiliated interests.

18 Are there any objections to approving
19 the proposed order?

20 Hearing none, the Order is approved.

21 For the record, Commissioner Rosales
22 has joined us.

1 Item E-6 concerns Ambit Northeast's
2 Petition for confidential treatment of its Annual
3 Recertification Report.

4 Are there any objections approving the
5 proposed order?

6 Hearing none, the Order is approved.

7 Item G-1 concerns a merger of Southern
8 Company and AGL Resources. Is there a motion to
9 approve the proposed order?

10 COMMISSIONER DEL VALLE: Thank you,
11 Mr. Chairman.

12 Nicor has been a well-run company
13 since AGL acquired it four years ago. And Southern
14 Company comes in with a strong reputation. In the
15 case before us, it appears that the Company's
16 petition with the included conditions meet the
17 minimum requirements with the Public Utilities Act.
18 Accordingly, I will be voting for the merger. But I
19 can't help but be disappointed by our process and the
20 statutory framework for mergers in general.

21 This merger is a substantial change
22 for Southern Company. It is a large geographic

1 expansion. It is Southern's entrance into a new
2 industry, gas distribution and storage, and it will
3 require issuing 3 billion in stock and 5 billion in
4 debt.

5 In addition, the Illinois customers
6 who are going to state that Southern has no
7 experience, will now account for 24 percent of the
8 company's regulated utility customers.

9 But our framework seems to assume that
10 the questions of who is the utility's parent company
11 and what is the company's business model, risk, and
12 motivations for the merger are of no concern if the
13 acquired company can demonstrate a minimum level of
14 competence and provide assurances that the utility
15 being acquired will be largely unchanged.

16 Our statutory framework seems to be
17 unconcerned with whether such a large undertaking
18 leads to net benefits for any our rate payers or if
19 it is better than other potential scenarios or
20 options even while shareholders and executives are
21 profiting handsomely.

22 Instead, the burden effectively falls

1 on the Commission and intervenors to prove that the
2 sophisticated, large corporations pose a risk to
3 utility services.

4 This is backwards and misdirected
5 generally particularly because the companies may
6 benefit from the information asymmetry that can
7 occur. Another ongoing issue that I view as a
8 problem is that this docket was resolved by
9 off-the-record settlement discussions behind closed
10 doors between parties. These negotiations forego the
11 transparent process where Illinois rate payers can
12 see the rationale for the compromises made.

13 Instead, we are left with a limited
14 record, no rationale for the final results and what
15 is largely a take-it-or-leave-it product.

16 Over the last decade, the two largest
17 gas utilities in Illinois, who each have been bought
18 twice and seems to level the scrutiny the Commission
19 has employed has dropped off considerably. The
20 Commission should not be relegated to passive
21 observers tending to the status quo.

22 Rather, the Commission should

1 scrutinize each merger for whether it produces the
2 best outcome for Illinois rate payers, not
3 shareholders. So I agree that this order meets
4 minimum requirements of the law. I will be voting
5 for it. I am convinced that reform of the statutory
6 framework and greater scrutiny of these mergers and
7 their parent companies in general are needed. Thank
8 you.

9 CHAIRMAN SHEAHAN: Any further discussion?

10 COMMISSIONER EDWARDS: Mr. Chairman, if I may.

11 Thank you, Commissioner Del Valle.

12 I do agree that there is a certain
13 level of scrutiny that should be applied to these
14 mergers as the cases come before us. And it seems as
15 they -- seems to be a little more frequent than in
16 the past.

17 I think you're right in that this --
18 these two companies, they did meet the minimum level
19 required for our approval. But I think too that it
20 doesn't necessarily that our review of the company
21 going forward doesn't necessarily stop with this
22 docket.

1 They can only be doing business in our
2 state under our authority, under our regulation, and
3 I think that the company is well aware as are the
4 commissioners on this bench that we have by statute
5 and by our roles, we are holding this company to a
6 certain level of standard in the State of Illinois.

7 And it's too based upon what I saw
8 throughout the docket that they plan to do just that.
9 And at any point if they don't, we can then have a
10 conversation. But it does seem like they are coming
11 in good faith, and I think that it's a very powerful
12 company, and I look forward to working with them.

13 CHAIRMAN SHEAHAN: Any further discussion?

14 All those in favor, say, Aye.

15 ALL COMMISSIONERS: Aye.

16 CHAIRMAN SHEAHAN: Passes with five, zero.

17 Moving on to the Telecommunications
18 Agenda.

19 Item T-1 concerns NextGen
20 Communications Application for a Certificate of
21 Authority to operate as a 9-1-1 system provider in
22 Illinois.

1 Are there any objections approving the
2 proposed order?

3 Hearing none, the Order is approved.

4 Item T-2 concerns Onvoy's petition
5 seeking proprietary treatment for its 2015 Annual
6 Report.

7 Are there any objections to approving
8 the proposed order?

9 Hearing none, the Order is approved.

10 Item T-3 concerns VEZA Telecom's
11 petition to cancel its Certificate of Service
12 Authority.

13 Are there any objections to approving
14 the proposed order?

15 Hearing none, the Order is approved.

16 In other business, we have the
17 Commission's Annual Report on Cable and Video Service
18 Deployment by providers granted state-issued cable
19 and video authorization.

20 Are there any objections to approving
21 the Annual Report?

22 Hearing none, the Report is approved.

1 We have one final item on our agenda
2 regarding the Illinois Power Agency, June 2016
3 solicitation of bids to sell renewable energy credits
4 from distributed renewable energy generation devices
5 to Ameren Illinois, ComEd, and MidAmerican.

6 Is there a motion to approve the
7 Procurement Administrator's Benchmark Methodology?

8 Is there a second? All those in favor say, Aye.

9 ALL COMMISSIONERS: Aye.

10 CHAIRMAN SHEAHAN: Methodology is approved.

11 Judge Kimbrel, do we have any other
12 matters to come before the Commission today?

13 JUDGE KIMBREL: There's nothing further.

14 CHAIRMAN SHEAHAN: Do any of the Commissioners
15 have any other business to discuss?

16 Seeing that we have none, we stand
17 adjourned. Thank you.

18 (Whereupon, the proceedings
19 ended at 10:50 a.m.)

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