

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

BEFORE THE
ILLINOIS COMMERCE COMMISSION
PUBLIC UTILITY REGULAR OPEN MEETING
Thursday, June 28, 2018
Chicago, Illinois

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

PRESENT:

- BRIEN J. SHEAHAN, Chairman
- SADZI M. OLIVA, Commissioner
- JOHN R. ROSALES, Commissioner
- D. ETHAN KIMBREL, Commissioner (via telephonically)
- ANASTASIA PALIVOS, Acting Commissioner

SULLIVAN REPORTING COMPANY, by
BRAD BENJAMIN, CSR
LICENSE NO. 084-004805

1 CHAIRMAN SHEAHAN: Good morning, are we ready
2 to proceed in Springfield?

3 CHIEF CLERK: Yes, we are.

4 CHAIRMAN SHEAHAN: Pursuant to the Open
5 Meetings Act, I call the June 28th, 2018, Regular
6 Open Meeting to order. Commissioners Rosales, Oliva
7 and Acting Commissioner Palivos are with me in
8 Chicago. We have a quorum. Commissioner Kimbrel is
9 seeking to participate by phone.

10 Commissioner Kimbrel, are you with us?

11 COMMISSIONER KIMBREL: I am, Mr. Chairman.

12 CHAIRMAN SHEAHAN: Are there any objections to
13 allowing Commissioner Kimbrel to participate by
14 phone?

15 (No response.)

16 CHAIRMAN SHEAHAN: Hearing none, Commissioner
17 Kimbrel is granted permission to participate by
18 phone.

19 Now we'll move into our Public
20 Utilities Agenda. There are edits to the Minutes of
21 our May 10th Policy Session and our May 31st Regular
22 Open Meeting.

1 Are there any objections to approving
2 the Minutes?

3 (No response.)

4 CHAIRMAN SHEAHAN: Hearing none, the Minutes
5 are approved.

6 Item E-1 concerns a consumer complaint
7 against Ameren.

8 Are there any objections to approving
9 the Proposed Order dismissing the proceeding?

10 (No response.)

11 CHAIRMAN SHEAHAN: Hearing none, the Order is
12 approved.

13 Item E-2 concerns EFS Energy's
14 Petition to Cancel and issue a certificate of
15 authority as an installer of Distributed Generation
16 Facilities.

17 Are there any objections to approving
18 the Proposed Order approving the Petition?

19 (No response.)

20 CHAIRMAN SHEAHAN: Hearing none, the Order is
21 approved.

22 Items E-3 through 9 concern

1 applications for authority to install Distributed
2 Generation Facilities.

3 Are there any objections to
4 considering these items together and approving the
5 Proposed Orders?

6 (No response.)

7 CHAIRMAN SHEAHAN: Hearing none, the Orders are
8 approved.

9 Items E-10 and 11 concern applications
10 for authority to operate as Agents, Brokers and
11 Consultants.

12 Are there any objections to
13 considering these items together and approving the
14 Proposed Orders?

15 (No response.)

16 CHAIRMAN SHEAHAN: Hearing none, the Orders are
17 approved.

18 Item E-12 concerns Stream Energy's
19 Motion to Dismiss regarding its request for a
20 temporary waiver of Administrative Code Section 412.

21 Are there any objections to granting
22 the Motion to Dismiss?

1 (No response.)

2 CHAIRMAN SHEAHAN: Hearing none, the Motion is
3 granted.

4 Item E-13 will be held for a
5 disposition at a future meeting.

6 Items E-14 through 67 concern
7 applications for authority to install energy
8 efficiency measures.

9 Are there any objections to
10 considering these items together and approving the
11 Proposed Orders?

12 (No response.)

13 CHAIRMAN SHEAHAN: Hearing none, the Orders are
14 approved.

15 Items G-1 and 2 concern North Shore
16 and Peoples Gas' filings to make descriptive changes
17 to their customer bills.

18 Are there any objections to not
19 suspending the filings?

20 (No response.)

21 CHAIRMAN SHEAHAN: Hearing none, the filings
22 are not suspended.

1 Item G-3 concerns an investigation
2 into Illinois Gas's rates due to changes in state and
3 federal tax law.

4 Are there any objections to approving
5 the Proposed Order dismissing the proceeding?

6 (No response.)

7 CHAIRMAN SHEAHAN: Hearing none, the Order is
8 approved.

9 Item G-4 concerns Tylex's application
10 for authority to operate as an Alternative Gas
11 Supplier.

12 Are there any objections to approving
13 the Proposed Order approving the application?

14 (No response.)

15 CHAIRMAN SHEAHAN: Hearing none, the Order is
16 approved.

17 Item G-5 concerns Nicor's Petition for
18 Special Permission to file a revised tariff regarding
19 a description of tax cost adjustments on the back of
20 their customer bills.

21 Are there any objections to granting
22 the special -- the -- pardon me, granting the

1 permission -- the Petition for Special Permission?

2 (No response.)

3 CHAIRMAN SHEAHAN: Hearing none, the Petition
4 for Special Permission is granted.

5 Item T-1 concerns a rulemaking to
6 amend Code Part Section 757.

7 Are there any objections to approving
8 the Proposed Order Authorizing the Second Notice
9 Period?

10 (No response.)

11 CHAIRMAN SHEAHAN: Hearing none, the Order is
12 approved.

13 Items T-2 through 5 concern various
14 petitions for the confidential treatment of annual
15 reports.

16 Are there any objections to
17 considering these items together and approving the
18 Proposed Orders?

19 (No response.)

20 CHAIRMAN SHEAHAN: Hearing none, the Orders are
21 approved.

22 Item T-6 concerns SQF's application

1 for authority to provide local telecommunications
2 services throughout Illinois.

3 Are there any objections to approving
4 the Proposed Order?

5 (No response.)

6 CHAIRMAN SHEAHAN: Hearing none, the Proposed
7 Order is approved.

8 Item W-1 concerns an investigation
9 into Cedar Water's rates due to changes in state and
10 federal tax law.

11 Are there any objections to approving
12 the Proposed Order dismissing the proceeding?

13 (No response.)

14 CHAIRMAN SHEAHAN: Hearing none, the Order is
15 approved.

16 Item W-2 concerns Aqua's petition for
17 authority to construct and maintain a water
18 distribution system in Champaign County.

19 Are there any objections to approving
20 the Proposed Order approving the petition?

21 (No response.)

22 CHAIRMAN SHEAHAN: Hearing none, the Order is

1 approved.

2 Item PR-1 concerns a consumer
3 complaint against Peoples Gas.

4 Are there any objections to denying
5 the Petition for Rehearing?

6 (No response.)

7 CHAIRMAN SHEAHAN: Hearing none, the petition
8 is denied.

9 Item O-1 concerns FERC Docket No.
10 EL 18-169.

11 Are there any objections to approving
12 the ICC's Motion to File a Protest Out of Time?

13 (No response.)

14 CHAIRMAN SHEAHAN: Hearing none, ICC's motion
15 is approved.

16 Our final item today involves a report
17 from Nicor regarding a merger update.

18 Mr. Williams and Mrs. Green?

19 MR. MELVIN WILLIAMS: Good morning,
20 Commissioners. I'd like to take just a quick moment.

21 CHAIRMAN SHEAHAN: Can you make sure the mic is
22 on?

1 MR. MELVIN WILLIAMS: It's green.

2 CHAIRMAN SHEAHAN: It's not working. Can you
3 use the other one?

4 MR. MELVIN WILLIAMS: Well, good morning again.

5 I'd like to take a moment to introduce
6 Kim Greene. Kim has taken over as the president and
7 CEO of Southern Company Gas.

8 Prior to her current role, Kim served
9 as executive vice president and chief operating
10 officer for Southern Company, a position she's held
11 since March of 2014.

12 Kim began her career at Southern
13 Company in 1991; has held numerous positions of
14 increasing responsibility over that time from
15 engineering, strategy, finance, and wholesale
16 marketing.

17 So, Kim, welcome to the Illinois
18 Commerce Commission.

19 MS. KIM GREENE: Thank you very much, Melvin,
20 and good morning, Commissioners.

21 CHAIRMAN SHEAHAN: Good morning.

22 MS. KIM GREENE: It's a pleasure to be here.

1 I want to thank you for the
2 opportunity to speak with you. This is our second
3 appearance before you since Nicor Gas became a part
4 of the Southern Company family, and our intent today
5 is to report full compliance with the conditions that
6 were part of our merger agreement.

7 As you know, on July 1st of 2016,
8 Southern Company acquired AGL Resources and renamed
9 the company Southern Company Gas. At the time of the
10 acquisition, Drew Evans was the Chairman, President,
11 and CEO of Southern Company Gas, and he continued in
12 that capacity until June 1st of this year, when he
13 moved into the role of Executive Vice President and
14 Chief Financial Officer for Southern Company. I
15 succeeded Mr. Evans.

16 Prior to this role, as Melvin said, I
17 served more than four years as Chief Operating
18 Officer for Southern Company, and since the merger,
19 I've served on the Board of Directors of Southern
20 Company Gas. In addition, I continue to serve as a
21 member of the Southern Company Management Council.
22 While leadership at Southern Company Gas has changed,

1 let me just note that Melvin Williams continues to
2 serve as President of Nicor Gas, a role he has held
3 for the past three years.

4 Again, I'm here today to reinforce the
5 commitments made to the ICC as part of the Southern
6 Company merger approval process. I want to assure
7 this Commission that we remain committed to our
8 customers in Illinois and remain both citizens of and
9 servants in our communities.

10 Since the closing of the AGL Resources
11 and Southern Company merger in 2016, we remain in
12 full compliance with the merger conditions, with no
13 issues to report as we continue to provide clean,
14 safe, reliable, and affordable service for our
15 Illinois customers.

16 With respect to employment, we have
17 met or exceeded all required employment thresholds:
18 total employment, safety-related positions, and
19 executive management, and will continue to do so.
20 With our substantial infrastructure programs underway
21 in Illinois, we see an ongoing need for both skilled
22 labor and corporate staff at Nicor Gas.

1 We also continue to meet or exceed our
2 community commitments. Our customers, neighbors, and
3 communities deserve to have the support of a strong
4 corporate citizen such as Nicor Gas. We continue to
5 invest more than \$2.2 million annually in our
6 communities: funding, partnering with, and
7 volunteering to support a wide range of
8 organizations. Most importantly, we want our
9 workforce and our purchasing to be reflective of the
10 communities we serve.

11 The full details of our compliance
12 with merger conditions were provided in our report
13 filed with the ICC earlier this month. Let me add
14 that after the merger, we have demonstrated a strong
15 track record of operating successfully under the
16 relevant conditions, and we plan to continue for many
17 years to follow.

18 Southern Company is committed to
19 investing capital into our businesses to maintain and
20 improve our operations, ensure the safety of our
21 system, and provide superior customer service.

22 Over the last two years, we've been

1 working diligently across Southern Company and the
2 legacy holding company, AGL Resources, to ensure the
3 efficient and effective integration of our
4 businesses.

5 Southern Company, like Southern
6 Company Gas, holds recruitment, development, and
7 retention of its employees' talent as top priorities.
8 This fits well with our initiatives in Illinois to
9 maintain employment levels and hire and retain a
10 well-qualified, capable, and diverse workforce.

11 Melvin will provide additional details
12 on our efforts to operate our systems safely and
13 ensure compliance with all pipeline, storage, and
14 safety regulations, but I thought I would provide my
15 perspective on how I think about these issues as the
16 leader of our company.

17 First and foremost, safety is a core
18 value to me, and it's about human beings and not
19 about numbers or statistics. There's absolutely
20 nothing more important to me than our employees going
21 home every day the way that they came to work. I
22 focus on employees working safely together to ensure

1 the safety of our natural gas infrastructure and the
2 customers that we serve.

3 Even though Southern Company Gas has a
4 strong history of effective compliance and safe
5 operations, we do not stop at good enough, and we
6 strive daily to improve our performance.

7 I receive safety updates on a regular
8 basis, and I'm notified immediately if a serious
9 incident or injury occurs. Each month, our safety
10 and compliance team provides Southern Company Gas's
11 leadership with a detailed review of our performance.
12 We examine a host of safety-related initiatives
13 including our ongoing replacement of aging pipelines,
14 emergency response times, safety notifications,
15 enforcement actions, and industry incidents from
16 which we can learn, just to name a few.

17 At every level, we are committed to
18 improvement by setting rigorous safety standards to
19 ensure a safe and secure work environment across all
20 of our operations, including Nicor Gas.

21 Melvin?

22 MR. MELVIN WILLIAMS: Thank you, Kim.

1 Good morning again, Commissioners.

2 I'm pleased to be here today to share our annual
3 update. At Nicor Gas, we continue to provide safe
4 and reliable natural gas service to over 2.2 million
5 customers across more than 650 communities here in
6 Illinois.

7 We remain focused on our four
8 priorities: safety and reliability, growth, customer
9 engagement, and employee engagement.

10 First and foremost, I would like to
11 talk about safety. The safety of our people, our
12 pipelines, and the public is always our number one
13 priority.

14 To ensure the safety of our people, we
15 continue to maintain and improve upon the culture of
16 safety within our organization. And to ensure the
17 safety of our pipeline in the public, we are
18 committed to complying with all current and
19 anticipated pipeline safety rules, and we continue to
20 communicate safety education to all of our customers.

21 Our qualified infrastructure program,
22 Investing in Illinois, has been a cornerstone to our

1 success in safety and reliability by allowing us to
2 accelerate and modernize our natural gas
3 infrastructure.

4 In 2017, we replaced 157 miles of
5 aging natural gas mains and over 16,000 natural gas
6 services. We anticipate that we will replace
7 approximately 161 miles of main this year and almost
8 20,000 services in 2018.

9 I am very pleased -- quite frankly,
10 I'm very proud to say that at the end of this year,
11 we will no longer have any cast iron in our system.
12 It is a critical point in our organization and we're
13 very proud of that accomplishment.

14 Upgrading our natural gas system
15 allows us to continue to meet the demands of current
16 customers while looking to expand their businesses in
17 Illinois. Our future customers are looking to be
18 able to provide -- our providing natural gas service
19 in all the service territories that we serve.

20 To date, we've engaged more than
21 650,000 residential businesses across our energySMART
22 program, which is our energy efficiency program, and

1 we anticipate that we will -- over the next several
2 years, we will be able to engage over 200,000 --
3 200,000 additional customers in that program.

4 We are also incorporating new
5 technology to support customer demand for information
6 and tools to support their energy usage in the
7 future. Our recent Meter Modernization program,
8 formally known as AMI, has begun. It is one of
9 several investments we're making to modernize and
10 improve our gas infrastructure. It will deliver
11 advanced metering technology to provide customers
12 with a greater insight into their energy usage, and
13 help us ensure every customer's energy needs are
14 being met safely well into the future.

15 We are on track to install a
16 half-million two-way communication devices this year,
17 and an additional million in 2019.

18 Our total commitment goes beyond just
19 our customers, but it goes into our communities as
20 well. In 2017, we have contributed over \$2.2 million
21 to over 400 nonprofit organizations, and our
22 employees continue to volunteer approximately 2,500

1 hours per year in efforts within our communities.

2 Our employees are the most important
3 resource that we have in our business in order to
4 meet our obligation of providing safe and reliable
5 natural gas service to our customers. In fact, over
6 the last five years, Nicor Gas has created over 1,000
7 jobs as a result of our efforts.

8 A new initiative starting this year is
9 the development of the Nicor Gas Career Academy, a
10 job-readiness program to address our hiring needs.

11 Additionally, Nicor Gas is partnering
12 with the Quad County Urban League to develop a
13 job-readiness program that will stimulate business
14 and economic development within the region.

15 Workforce development will continue to
16 be the priority for our organization. We understand
17 that the Center for Energy Workforce Development
18 estimates that 50 percent of the energy workforce
19 will retire within the next 10 years. That, coupled
20 with our accelerated infrastructure program that is
21 resulting in new jobs, creates a need for a more
22 qualified workforce.

1 We are focusing on training and
2 developing and retaining our workforce. We see
3 significant opportunity for growth and advancement in
4 our organization. We want to ensure we're utilizing
5 the diverse skills and talents and experiences that
6 already exist.

7 In summary, we are fully complied --
8 we have fully complied with the conditions of the
9 established merger agreement, and we are pleased to
10 share our performance around the four key areas of
11 our business: safety and reliability, growth and
12 economic development, customer engagement, and
13 employee engagement.

14 Thank you for time. Kim and I are
15 available for questions.

16 CHAIRMAN SHEAHAN: Thank you, Mr. Williams. I
17 apologize again for that mic not working. That was
18 Commissioner Rosales's mic yesterday during the
19 Policy Session. We turned it off so he wouldn't ask
20 any more questions.

21 (Laughter.)

22 CHAIRMAN SHEAHAN: All kidding aside, thank

1 you.

2 Any questions from the Commissioners
3 for Mr. Williams or Ms. Green?

4 COMMISSIONER ROSALES: Sure.

5 CHAIRMAN SHEAHAN: Seriously?

6 COMMISSIONER ROSALES: No.

7 CHAIRMAN SHEAHAN: Thank you.

8 MS. KIM GREENE: Thank you.

9 CHAIRMAN SHEAHAN: No questions.

10 Judge Teague Kingsley, do you have
11 any other matters to bring before the Commission
12 today?

13 JUDGE TEAGUE KINGSLEY: No, Mr. Chairman.

14 CHAIRMAN SHEAHAN: Commissioners, do any of you
15 have any other items you'd like to bring before of
16 the Commission?

17 (No response.)

18 CHAIRMAN SHEAHAN: Hearing none and without
19 objection, the meeting is adjourned.

20 Thank you.

21 (Whereupon the above
22 matter was adjourned.)