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BEFORE THE
ILLINOIS COMMERCE COMMISSION
REGULAR OPEN MEETING
PUBLIC UTILITY
Wednesday, July 20, 2016
Chicago, Illinois

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

- PRESENT:
- BRIEN J. SHEAHAN, Chairman
 - ANN MCCABE, Commissioner
 - SHERINA E. MAYE EDWARDS, Commissioner
 - MIGUEL DEL VALLE, Commissioner
 - JOHN R. ROSALES, Commissioner

SULLIVAN REPORTING COMPANY, by
PATRICIA WESLEY
CSR NO. 084-002170

1 CHAIRMAN SHEAHAN: Good morning. Are we ready to
2 proceed in Springfield?

3 EXECUTIVE DIRECTOR MR. MATRISCH: Yes, we are.

4 CHAIRMAN SHEAHAN: Pursuant to the Open Meetings
5 Act, I call the July 20, 2016 Regular Open Meeting
6 of the Illinois Commerce Commission to Order.

7 Commissioners McCabe, del Valle,
8 Edwards, and Rosales are present with me in Chicago.

9 We have two requests to speak this
10 morning from Richard Mark, Chairman and President of
11 Ameren Illinois, and Byron Witherspoon, Supplier
12 Diversity Managing Executive of Ameren Corporation.

13 Mr. Mark, you and Mr. Witherspoon,
14 please join us. The floor is yours.

15 MR. MARK: Thank you, Mr. Chairman, and thank you
16 Commissioners for giving us the opportunity.

17 CHAIRMAN SHEAHAN: Could you just hit the mic.

18 MR. MARK: Thank you, Mr. Chairman and Members of
19 the Commission, for giving us the opportunity to
20 come and report on Ameren's Supplier Diversity for
21 2015.

22 I would like to just, first of all,

1 apologize for not making the June meeting. I had a
2 family issue that didn't allow me -- didn't allow me
3 to attend. It was my daughter's wedding, and we had
4 a lot of people from out of town, so I apologize for
5 not being here personally.

6 (Slide presentation.)

7 So what we'd like to do is just take
8 some time today to give you an overview of the
9 Ameren Supplier Diversity Program, and I'll talk a
10 little bit about Ameren's diversity as a whole, and
11 turn it over to Byron Witherspoon to kind of get
12 into some of the details of the report, and then
13 open it up for any questions that you might have.

14 But, you know, as we started looking
15 at Ameren's diversity, I guess I would begin by
16 saying that, you know, Ameren, as a corporation,
17 formerly developed their Ameren diversity program
18 about 13 years ago when they hired the first Vice
19 President of Diversity for the company, and I
20 mention that because I believe it's important that
21 in order to have a successful supplier diversity
22 program you have to have an internal culture that

1 believes in diversity and inclusion, because a lot
2 of decisions that are made from bringing in diverse
3 choirs are made by people at all levels of the
4 organization, and sometimes if they don't believe in
5 diversity, it's going to be hard to really have a
6 successful program, so we focused a lot on making
7 sure that all of our co-workers at Ameren are
8 involved in diversity, and a few of the things that
9 we do are listed here on the slide on Page 3.

10 You know, from our Corporate Diversity
11 Council to employee resource groups, we currently
12 have about six employee resource groups from all
13 areas of the company and as well as sponsoring
14 corporate diversity events internally where we look
15 at what's going on in the communities that we serve
16 and service territories throughout Illinois and
17 Missouri.

18 In fact, this week we are holding a
19 corporate diversity symposium summit at our company
20 where we have a week long event that is around
21 diversity and inclusion.

22 So we think that's really important to

1 really build a culture where it makes it easier for
2 us and our employees to engage in going out into the
3 community and getting involved in such things as a
4 multi-culture -- multi-cultural leadership society
5 in that way where we have an opportunity to meet
6 other diverse business leaders and entrepreneurs in
7 the community and talk to them about the
8 opportunities that are available that they may be
9 able to get involved with, supplier diversity with
10 Ameren, so it's a great opportunity to network.

11 Sometimes many people in the community
12 see utilities as kind of a mystery. They don't know
13 much about it, so the more that we get out in the
14 community and have our employees out and engaged, we
15 believe that that gives us a better opportunity to
16 expand what we do, talk to people and network to
17 bring those opportunities back inside and help us
18 develop the businesses, and then supplier diversity
19 we have moved to really requiring reporting from our
20 prime contractors and our subcontractors.

21 We look at -- you know, we ask them to
22 get involved with reporting back to us on what

1 they're doing in diversity also because we think
2 it's important that they understand that diversity
3 is important to us as we bring them on as suppliers
4 and we expect that they have the same passion for
5 diversity that we do, and so we ask them to do some
6 reporting.

7 We also know that with our new
8 supplier diversity -- with our new supplier
9 development that once you award a contract to a
10 diverse supplier that's not the end of the journey.
11 We think that's the beginning.

12 So in order to really encourage that
13 development and growth of minority suppliers, we
14 sponsor two scholarships each year to the Tuck
15 School of Business at Dartmouth University where
16 they have a specific program on growing minority
17 businesses, and this year -- I think Byron will talk
18 a little about it in his presentation, but both of
19 the winners this year are from Illinois, and the two
20 minority suppliers will have an opportunity to go in
21 and spend the week to really learn more and more
22 about marketing, finance, and strategic planning, to

1 learn how to grow their business and actually make
2 it bigger, and we have had a lot of success with
3 that in the recent years with some businesses that
4 have been able to grow and even to work with us as
5 well as expand their businesses and other industries
6 outside of the utility sector.

7 So with that, I'll turn it over to
8 Byron and ask him to kind of give some highlights of
9 our 2015 Supplier Report.

10 MR. WITHERSPOON: Thank you. Thank you, Richard.

11 Mr. Chairman, Commissioners, I
12 appreciate the opportunity to come back before you
13 today, and so with that I am going to cover two
14 things as it relates to some key accomplishments we
15 have had with Ameren Illinois and then some
16 corporate business diversity processes we have in
17 place that we think makes for an effective supplier
18 diversity and development process.

19 So when you are talking about being
20 very intentional for Ameren Illinois, we've
21 increased our spending. We have an NVP overhead
22 line construction company that we've increased our

1 spending by 54 percent from 2014 with the idea of
2 leveraging them across our system, and so those are
3 very intentional efforts that we make to continue to
4 grow and develop our incoming diverse suppliers.

5 Richard talked about development, and
6 so we have a company that's doing business with us,
7 not done any gas construction work with us; however,
8 in 2014 we gave them an opportunity to do some gas
9 construction.

10 COMMISSIONER ROSALES: Byron, the 54 percent are
11 we going to get some information on that? Where do
12 you start in terms of the amount spent on that?

13 MR. WITHERSPOON: So that particular company we
14 took them from -- they did in 2014 like 1.5 million.
15 We took them up to about 2.6 last year is what they
16 did, about 2.6 million roughly in there, and then on
17 the gas side Richard mentioned development. We have
18 a company that's doing work on our system but has
19 not done any gas construction work. They have done
20 a small project in 2014. What we are doing now --
21 they're in the process of becoming an alliance
22 contractor for us in Illinois.

1 Richard talked about the Dartmouth
2 Tuck School Award, so there were two companies that
3 we did award. Environmental Design International,
4 they're an environmental company that's doing some
5 air monitoring for us in our manufacturing gas --
6 various manufacturing gas plant facilities. 2IM is
7 a company that's doing some studies for us pulling
8 permits and on land disturbances in that end.

9 What's interesting about the Dartmouth
10 Scholarship Award, we recently did a survey of all
11 of our graduates. We had about 15 graduates over
12 the last five or six years and we asked them to get
13 an idea of the impact. It's one thing to provide
14 scholarships; it's another thing to really
15 understand the impact, and some of the responses
16 we've got included -- we had companies that
17 completed an acquisition that allowed for more tasks
18 to be performed with Ameren.

19 We had a company that said as a result
20 revenues more than doubled. We had a company that
21 said the workforce doubled and they have become more
22 diverse. I only share that with you to give you an

1 idea of what the impact is to companies and how they
2 are experiencing some meaningful growth.

3 Ameren Illinois also developed an
4 energy efficiency program. It's called the Energy
5 Efficiency Minority-Owned Business and Building
6 Analysis Training Program and really what that is is
7 providing or helping minority-owned companies in an
8 energy efficiency space get their certification by
9 the Building Performance Institute.

10 Currently we have about 800 program
11 allies, about 25 percent of those companies are
12 diverse which equates to about 200 companies or so
13 that's a part of that program. We also provide
14 those minority-owned businesses with free energy
15 efficiency equipment as well so they can do their
16 business.

17 We think about corporate activities
18 that help drive our business diversity strategies,
19 so we have what's called the Corporate Supply
20 Diversity Leadership Council. That council is
21 comprised of VPs and senior directors from across
22 the company that help drive business diversity

1 strategies that cascades down throughout the
2 organization.

3 I would say Richard is next in line on
4 that council, and so when we meet, we meet regularly
5 to talk about how we can continue to increase
6 opportunities in the business diversity space. One
7 of them is increasing minority-owned spend. We are
8 actually working through a strategy now on how we do
9 that.

10 Supplier development opportunity
11 that's better known as Alpha Opportunity Initiative.
12 It's one thing to accelerate the spend; it's another
13 thing to create development opportunities to help
14 companies get experience in gaining a relationship
15 with Ameren so they can graduate into more or
16 increase additional work so you may not accelerate
17 your spend, but it does create experience and it
18 also garners relationships that help you graduate
19 into the bigger portion of work, so we believe that
20 the Alpha Opportunity Initiative is a key component
21 of our supplier diversity process.

22 When you talk about professional

1 services, let me go back to the prime supplier
2 subcontractor employee, and Richard mentioned this a
3 bit, but now in that space when you talk about
4 report carding, we have called our key suppliers and
5 said, hey, we've given them report cards essentially
6 on what they've done from a business diversity
7 perspective. We said, hey, here is where you were
8 last year; reinforce your commitment or reset the
9 expectations, if you will, on where we are going,
10 and we've actually had some real strong results in
11 continuing to facilitate those connections with our
12 diversity suppliers and our prime supply partners.
13 In many ways we do that. One of them is the
14 symposium and summits that Richard mentioned.

15 From a professional service
16 standpoint, last year we had about 1.2 billion in
17 bond offerings co-managed by a diverse -- a boutique
18 of diverse investment companies, and then we grew
19 our professional services spending in 2013 by
20 53 percent.

21 When you're talking about professional
22 services, you know, we have had that conversation,

1 what's included in that engineering, environmental,
2 IT, HR, those kind of things go into our
3 professional services.

4 When you talk about our numbers, our
5 numbers were indicated in the report. I do want to
6 point this out though a couple noteworthy points.
7 When you look at our MVO3 spend in 2012, we've grown
8 that by more than 200 percent, and totally increased
9 about 220 percent from 2012 when you look how we've
10 grown our veteran, MBE, and WBE spend.

11 Lastly, what I'd like to cover, we
12 talk a lot about spending and percentages. At
13 Ameren Illinois, we believe that to illuminate or
14 provide some context behind that spending we
15 commissioned an independent economic impact study,
16 and really it's to provide additional clarity or
17 additional context around this spending.

18 So when you talk about that
19 160 million from the last slide, we wanted to
20 better understand what that triggers in additional
21 economic output or economic activity, and what we
22 found was that the 160 million triggered an

1 additional 269 million for our Ameren Illinois
2 service territory, which almost 80 million of that
3 was for household earnings. That supported another
4 1400 or so jobs with an average wage of \$55,000.

5 Now that was established by the
6 U. S. Department of Commerce and how we did that,
7 and so when you look at our total economic output,
8 we talk about percentages. Of course, we hit our
9 goal. We talked about 160 million. Of course, we
10 hit that, but now what's the economic output, and in
11 our service territory that economic output equates
12 to 428 million for our service territory, and you
13 apply that same philosophy for the State of
14 Illinois, and it's even better for the State of
15 Illinois. As reported, that total economic output
16 was like 481 million supported 1700 jobs, and the
17 indirect output was like 300. The total salary was
18 like 93 million.

19 So really what we have tried to do is
20 provide some additional context so we can understand
21 what our numbers are. It's more important to
22 understand what the impact of the numbers really

1 indicate, and so with that I'm going to turn it back
2 to Richard to close out.

3 MR. MARK: You know, just to kind of wrap up, we
4 are really proud of our accomplishments, and we list
5 some of them here. This past year -- last two years
6 we have been rated as the top utility by Diversity
7 Inc., but the thing I want to point out even more
8 that we're proud of these accomplishments. We're
9 not satisfied with where we are. We know there's a
10 lot more that we can do and that I just want to take
11 this opportunity to let you know that we're
12 committed to not only growing diversity amongst our
13 suppliers but also growing diversity within all of
14 our coworkers in Ameren and really working with
15 other members and stakeholders in our community to
16 include and promote diversity and inclusion also.

17 Thank you for your time, and we will
18 be more than happy to answer any questions that you
19 might have.

20 CHAIRMAN SHEAHAN: Thank you, sir.

21 Any questions?

22 COMMISSIONER MAYE EDWARDS: Thank you,

1 Mr. Chairman. Thank you for being here, Mr. Mark
2 and Mr. Witherspoon.

3 One question I have that wasn't quite
4 clear from the report and still I'm not sure of
5 today, I know you mentioned, Mr. Mark, that you
6 require your Tier 2 and your primes to go through a
7 reporting process, but do you require your
8 non-diverse primes to use Diverse Tier 2 or is that
9 not the requirement?

10 MR. WITHERSPOON: It is. So we would have --
11 we've had a couple of opportunities, Commissioner
12 Edwards, where we put in an RFP some expectations
13 with regard to diversity, so we might say in this
14 particular project we are looking for 20 percent,
15 and so at midday we are actually scoring those prime
16 contractors who meet that 20 percent.

17 I'll say this to you as well. When
18 you talk about non-diverse, that expectation is for
19 diverse prime suppliers as well, so it's not enough
20 for us to just ask our non-diverse companies to
21 provide diverse opportunities. We're asking our
22 non -- our diverse prime companies as well to

1 provide those opportunities.

2 MR. MARK: I would just add to that,
3 Commissioners, you know, it gives us an opportunity
4 to have discussions with all of our non-diverse
5 suppliers, and in those discussions we also have an
6 opportunity to talk about our beliefs and our
7 culture on diversity and what we are trying to
8 promote as a company to try to instill that, and
9 hopefully they will share those beliefs, but, at the
10 same time, let them know that we follow-up and we go
11 out and we inspect jobs, because it's just not
12 awarding the contract. It's what I've often found
13 is that it's the number of people that are working
14 on that job also. That is very important to the
15 minority community.

16 So we go out and do actual on-site
17 visits to find out, you know, do we have any
18 minority workers working on the job. We have a
19 substation that's being built right now. Last week
20 I know myself and the team went out just to see how
21 many workers were there and what percent of the
22 workers were minorities.

1 So by doing that, what it does is it
2 puts -- it let's our non -- our prime contractors
3 know that diversity is important and someone's
4 looking at them and that if they don't expand what
5 they're doing in diversity, you know, we can
6 actually look at other suppliers and other options
7 that are out there and available, so it conveys a
8 subtle message to them that diversity is important,
9 and, you know, we found that they've been very
10 cooperative, and so forth.

11 COMMISSIONER MAYE EDWARDS: So is that included
12 in the reporting and report to you guys?

13 MR. WITHERSPOON: Yes. What they do,
14 Commissioner, is we have an electronic system where
15 our prime suppliers go in and report, so they have a
16 sign-on pass where they go in and they report what
17 they're doing from a Tier 2 perspective and we get
18 that monthly.

19 At one point in time we were
20 collecting that information on a quarterly basis.
21 Right now our prime suppliers, who were set on that
22 system, are reporting monthly.

1 COMMISSIONER MAYE EDWARDS: Thank you.

2 CHAIRMAN SHEAHAN: Commissioner del Valle.

3 COMMISSIONER del VALLE: You mentioned
4 professional services and you didn't mention legal
5 and financial.

6 MR. WITHERSPOON: So legal and financial is
7 included in that, and so from a legal perspective or
8 financial perspective, 1.2 billion is with boutique
9 minority investment banking companies, and we had
10 eight of them that co-managed those bond offerings.

11 Legal is another area of opportunity
12 for us, Commissioner del Valle. We had one company,
13 but I think we can -- we actually have a real area
14 of opportunity to continue to increase in the legal
15 space.

16 MR. MARK: One of the things in legal that we're
17 looking at is we're kind of in a unique area,
18 especially with our transmission business, so we
19 have to acquire right-of-ways. We found that as a
20 niche that minority legal terms can get involved and
21 that we are working on a project right now that
22 provides some opportunities down the road I think

1 for legal to become more involved in some activities
2 that we're doing.

3 CHAIRMAN SHEAHAN: Commissioner Rosales.

4 COMMISSIONER ROSALES: Byron, just a
5 clarification in your speech. I know that you are
6 on the clock. I just want to get clarification.
7 The energy efficiency that you have for minority
8 businesses that work minority businesses, I didn't
9 understand why they wouldn't work with all
10 businesses. I know you are trying to do it quickly.
11 Would you explain what you are speaking of.

12 MR. WITHERSPOON: Commissioner Rosales, I'm
13 sorry. Help me. You said --

14 COMMISSIONER ROSALES: You mentioned that you had
15 during the energy efficiency worked with
16 minority-owned businesses. Is that what you said?
17 I was wondering why it would only be minority-owned
18 businesses that you are working with for energy
19 efficiency.

20 MR. WITHERSPOON: I appreciate the clarification.
21 I think it really should be expanded to diverse
22 businesses. I would tell you from an energy

1 efficiency perspective it really was isolated to
2 diverse businesses to help get that certification,
3 because in some cases they were trying to increase
4 the number of businesses or diverse businesses that
5 was part of our program allies and that was the way
6 we decided to go in those companies who were
7 interested in being part of our program ally
8 partners but couldn't pay for the certification
9 that's required, and so that program was more or
10 less designed to help get those companies through
11 and also provide the necessary equipment for them to
12 perform once they were listed as a program ally.

13 COMMISSIONER ROSALES: Thank you. It's
14 clarified.

15 MR. WITHERSPOON: Thank you.

16 CHAIRMAN SHEAHAN: Commissioner del Valle.

17 COMMISSIONER del VALLE: Yes. Thank you,
18 Mr. Chairman. I want to make a very quick comment.
19 First of all, congratulations to your daughter.

20 MR. MARK: Thank you.

21 COMMISSIONER del VALLE: Of course, Dad.

22 When we do these annual sessions, I

1 think the Commissioners will all agree it's very,
2 very important to have the president of the company
3 present, and I know that you weren't able to have
4 the president here prior in addition to this year,
5 and so I would encourage you to check early what our
6 schedules are going to be so that you can
7 participate, because the discussion that we want to
8 participate in is one that hopefully generates ideas
9 where we learn from other companies and they learn
10 from you, and it's really important to do that in
11 that kind of setting, the kind of structure that we
12 are involved here, in order to ensure that there's
13 progress, so I would encourage you -- I don't think
14 we have the dates up yet for next year.

15 I would encourage you to participate
16 next year along with the other presidents. Thank
17 you.

18 CHAIRMAN SHEAHAN: Any other --

19 COMMISSIONER MAYE EDWARDS: I have one. I just
20 want to acknowledge I think we all have our
21 opinions, and I need to know, as many of you know,
22 Ameren is a member of the Illinois Utilities

1 Business Diversity Council, which Mr. Mark is the
2 vice chair, but I also want to acknowledge
3 Mr. Mel Williams, who is the president of Nicor Gas.

4 CHAIRMAN SHEAHAN: Any other questions?

5 (No response.)

6 Thank you, sir.

7 MR. MARK: Thank you.

8 MR. WITHERSPOON: Thank you.

9 CHAIRMAN SHEAHAN: I appreciate your time.

10 Moving on to our Public Utilities
11 Agenda, there are edits to the Minutes of our June
12 21, 2016 Regular Open Meeting.

13 Are there any objections to approving
14 the Minutes as edited?

15 (No response.)

16 Hearing none, the Minutes as edited
17 are approved.

18 Item E-1 concerns ComEd's
19 Modifications to Rate Retail Electric Supplier
20 Service ("Rate RESS") and Rider Parallel Operation
21 of Retail Customer Generating Facilities with Net
22 Metering ("Rider POGNM") to ensure net metering

1 compliance.

2 Are there any objections to not
3 suspending the filings?

4 (No response.)

5 Hearing none, the filing is not
6 suspended.

7 Item E-2 concern Ameren's Filings to
8 Update Its Electric and Gas Tariffs to Reflect
9 Sample Bill Forms.

10 Are there any objections to not
11 suspending the filing?

12 (No response.)

13 Hearing none, the filings are not
14 suspended.

15 Item E-3 concern ComEd's petition
16 seeking approval of its Peak Time Rebate Program.

17 Are there any objections to approving
18 the proposed Order?

19 (No response.)

20 Hearing none, the Order is approved.

21 Items E-4 through 6 concern the
22 Illinois Department of Commerce and Economic

1 Opportunity's Petition to Reopen and Consolidate
2 Docket Nos. 13-0495, and 498, and 499.

3 There are also Petitions to Intervene
4 filed by ComEd and Ameren in Docket 13-0499
5 concerning the Energy Efficiency Plan.

6 Are there any objections to
7 considering these items together and approving the
8 proposed Order granting the request to reopen
9 consolidating the dockets and granting the petitions
10 for hearing?

11 (No response.)

12 Hearing none, the Order is approved.

13 Item E-7 concerns CUB and ELPC's
14 Petition to Initiate a Rulemaking Proceeding to
15 Amend portions of Code Parts 466 and 467 of the
16 Commission's rules regarding Interconnection
17 Standards for Distributed Generation.

18 Are there any objections to entering
19 the Second Notice Order which authorizes submission
20 to JCAR to begin the Second Notice Period?

21 (No response.)

22 Hearing none, the Second Notice Order

1 is entered.

2 Item E-8 concerns American
3 Transmission Company and ATC Management's Joint
4 Application for Approval of Reorganization pursuant
5 to the Public Utilities Act.

6 Are there any objections to approving
7 the proposed Order?

8 (No response.)

9 Hearing none, the Order's approved.

10 Items E-9 through 11 concern various
11 customer complaints filed against ComEd and Ameren.

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

15 (No response.)

16 Hearing none, the Orders are approved.

17 Item E-12 concerns Optimal Facility
18 Management Solution's Motion to Withdraw the
19 Petition for Confidential Treatment of ABC Annual
20 Recertification Report.

21 Are there any objections to granting
22 the motion to withdraw?

1 (No response.)

2 Hearing none, the motion is granted
3 and the proceeding is dismissed.

4 Items E-13 through 15 concern various
5 petitions seeking confidential treatment of certain
6 reports.

7 Are there any objections to
8 considering these items together and approving the
9 proposed Orders?

10 (No response.)

11 Hearing none, the Orders are approved.

12 Item E-16 concerns Norris Electric
13 Cooperative and Ameren Illinois's Joint Petition for
14 Approval of Commercial Customer Release.

15 Are there any objections to approving
16 the proposed Order?

17 (No response.)

18 Hearing none, the Orders are approved.

19 Items E-17 and 18 concern various
20 petitions to cancel ABC licenses.

21 Are there any objections to
22 considering these items together and approving the

1 proposed Orders?

2 (No response.)

3 Hearing none, the Orders are approved.

4 Items E-19 through 21 concern various
5 Applications for Certificates of Service Authority.

6 Are there any objections to
7 considering these items together and approving the
8 proposed Orders?

9 (No response.)

10 Hearing none, the Orders are approved.

11 Moving on to our gas agenda, Item G-1
12 concerns Consumers Gas' filing to modify its billing
13 format making several changes to tariffs in
14 compliance with Part 280.

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

17 (No response.)

18 Hearing none, the filing is not
19 suspended.

20 Item G-2 concerns the ICC's Motion to
21 Initiate an Investigation of the cost, scope, and
22 schedule, and other issues related to the Peoples

1 Gas System Modernization Program and the
2 establishment of Program Policies and Practices.

3 Consistent with Staff's May 31st Staff
4 Report, I believe we have some comments.

5 Commissioner del Valle.

6 COMMISSIONER del VALLE: Thank you, Mr. Chairman.
7 I want to thank all those involved in this process
8 working towards improving this multi-billion dollar
9 project.

10 This proceeding will establish the
11 appropriate scope, size, and cost of this massive
12 project, as well as the terms of the Commission's
13 oversight. In it, we set a deadline for an Order to
14 be sent to the Commissioners in less than six
15 months.

16 I think this is very ambitious --
17 perhaps too ambitious -- and requires that no party
18 delay this process and, more importantly, that
19 Peoples Gas be cooperative in the development of a
20 complete, thorough, and transparent record to permit
21 the Commission to come to a decision that truly
22 reflects the best outcome for ratepayers, the

1 company, and the public interest.

2 In light of the timeline this
3 Initiating Order sets out, I expect that the quality
4 and level of detail in the report PGL will submit in
5 30 days time will far exceed the inadequate and
6 soundly-rejected post-merger reports filed by
7 Peoples Gas last September and November. This
8 effort is far larger than any project that new
9 management has attempted, and, thus, the record
10 created must be complete and transparent.

11 To that end, I expect the company will
12 produce ample amounts of data supported by expert
13 testimony that makes the case for why their plan is
14 better than all alternatives and the best way
15 forward for Chicago. This includes detailed
16 analysis and data on the costs and benefits of
17 various spending levels, different scope components,
18 and appropriate pace of work performed. Peoples
19 Gas' submitted plan will not be presumed to be the
20 best way forward; it must be proven.

21 As we initiate this proceeding, open
22 questions about the process remain. Will the

1 Commission's experts on improving Peoples Gas' main
2 replacement operation, the Liberty auditors, be
3 involved to inform the Commission in this
4 proceeding?

5 Will an undated third-party
6 engineering study bring Peoples Gas in compliance
7 with a past Commission directive be produced
8 concurrent with Peoples Gas' plan submission or soon
9 thereafter?

10 Modernization of Peoples Gas'
11 distribution system is needed, but it must be done
12 responsibly, safely, and affordably. Past
13 mismanagement of this project has increased the
14 projected cost from \$2.5 billion to as high as
15 roughly \$10 billion.

16 Additionally, Chicago ratepayers have
17 been spending hundreds of millions of dollars with
18 no corresponding reduction in leak rates.

19 This is no time for us to just go
20 through the motions of regulation as quickly as
21 possible. It is more important to get this right
22 than it is to get it done quickly.

1 The results of this investigation must
2 be a well-supported and robust Modernization Plan
3 with Commission oversight that ensures we can easily
4 identify and correct any future problems.

5 This project is far too important for
6 us to fail. Thank you.

7 CHAIRMAN SHEAHAN: Thank you, Commissioner.

8 Any other comments?

9 Commissioner McCabe.

10 COMMISSIONER McCABE: I welcome the official
11 launch of this investigation and acknowledge the six
12 days of workshops held by ICC Staff and 60-some
13 stakeholders in which a host of issues were raised.

14 The May 31st Staff Report shows that
15 participants discussed in detail the Peoples Gas'
16 Accelerated Main Replacement Program, including
17 scope, cost, management, safety, schedule, rate
18 impact, monitoring, and engineering studies.

19 Peoples is already required as part of
20 the AMRP audit process to provide an Implementation
21 Plan for the Liberty Audit recommendations, an AMRP
22 Scheduling Master Plan, and a Cost Plan Model.

1 In addition, the Commission requires
2 Wisconsin Energy and Peoples Gas to provide an AMRP
3 Transition Plan to ensure a seamless transition that
4 avoids a diminishment in service.

5 As I stated in June and November of
6 last year, this investigation, the QIP dockets
7 and/or the future rate case must identify pre-merger
8 cost overruns and possible mismanagement so that the
9 company is held accountable, not the ratepayers.

10 Thank you.

11 CHAIRMAN SHEAHAN: Thank you.

12 Any other comments from the
13 Commissioners?

14 (No response.)

15 Are there any objections to
16 approving the initiating interim Orders?

17 (No response.)

18 Hearing none, the initiating and
19 interim Orders are approved.

20 Item G-3 concerns a customer complaint
21 against Peoples Gas.

22 Are there any objections to approving

1 the proposed Order denying the complaint?

2 (No response.)

3 Hearing none, the Order is approved.

4 Item G-4 concerns Green Mountain

5 Energy's Application for Requesting a Certificate of

6 Service Authority to operate as an Alternative Gas

7 Supplier.

8 Are there any objections to approving

9 the proposed Order?

10 (No response.)

11 Hearing none, the Order is approved.

12 Moving on to our Telecommunications

13 agenda, Items T-1 and 2 concern various petitions

14 regarding cancellation of a Certificate of Service

15 Authority.

16 Are there any objections to

17 considering these items together and approving the

18 proposed Order?

19 (No response.)

20 Hearing none, the Orders are approved.

21 Items T-3 through 5 concern various

22 petitions for the Confidential Treatment of certain

1 reports.

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

5 (No response.)

6 Hearing none, the Orders are approved.

7 Item T-6 concerns Matrix Telecom's
8 Petition to Change Corporate Form.

9 Are there any objections to approving
10 the proposed Order?

11 (No response.)

12 Hearing none, the Order is approved.

13 JUDGE KIMBREL: Mr. Chairman, I believe that's
14 Item T-5, Matrix Telecom.

15 (A brief pause.)

16 Mr. Chairman, my apologies.

17 CHAIRMAN SHEAHAN: I think I was right.

18 COMMISSIONER ROSALES: Correct.

19 JUDGE KIMBREL: My apologies.

20 CHAIRMAN SHEAHAN: So there were no objections to
21 approving T-6.

22 Items T-7 through 9 concern various

1 Applications for Certificates of Wireless Authority
2 to Operate as a Reseller of Telecommunications
3 Service.

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

7 (No response.)

8 Hearing none, the Orders are approved.

9 Item W-1 concerns Illinois-American
10 Water's application for a Certificate of Public
11 Convenience and Necessity to provide Water Service
12 to a certain area in DuPage County.

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

15 (No response.)

16 Hearing none, the Orders are approved.

17 Item W-2 concerns a customer complaint
18 against Aqua Illinois.

19 Are there any objections to approving
20 the proposed Order granting the parties Joint Motion
21 to Dismiss?

22 (No response.)

1 Hearing none, the Orders are approved.
2 Our Miscellaneous Agenda, M-1,
3 concerns an Order Authorizing Second Notice Period
4 to the Proposed Amendment of our Administrative Code
5 Part 286 submission of rate case testimony.

6 Are there any objections to entering
7 the proposed Order?

8 (No response.)

9 Hearing none, the Second Order of
10 Notice is entered.

11 Judge Kimbrel, do you have any other
12 matters to come before the Commission this morning?

13 JUDGE KIMBREL: No, that it's, Mr. Chairman.

14 CHAIRMAN SHEAHAN: Commissioners, do you have any
15 other business you would like to bring before the
16 Commission this morning?

17 (No response.)

18 Seeing that there's none, we stand
19 adjourned. Thank you.

20 (Whereupon, the above
21 matter was adjourned.)

22