

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION
3 REGULAR OPEN MEETING
 (PUBLIC UTILITY)
4 Wednesday, August 7, 2019
 Chicago, Illinois

5 Met, pursuant to notice, at 10:30 A.M., at
6 160 North LaSalle Street, Chicago, Illinois.
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10 PRESENT:

11 CARRIE ZALEWSKI, Chairman

12 D. ETHAN KIMBREL, Commissioner

13 BRIEN J. SHEAHAN, Commissioner (telephonically)

14 SADZI M. OLIVA, Commissioner

15 MARIA S. BOCANEGRA, Commissioner

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18 SULLIVAN REPORTING COMPANY, by
 Devan J. Moore, CSR
19 License No. 084-004589
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1 CHAIRMAN ZALEWSKI: Good morning. Under the Opening
2 Meetings Act, I now call the August 7th, 2019 Regular Open
3 Meeting to order. Commissioners Bocanegra, Kimbrel, and Oliva
4 are here in Chicago. We have a quorum. Commissioner Sheahan
5 is seeking to participate by phone.

6 Commissioner Sheahan, are you with us?

7 COMMISSIONER SHEAHAN: I am. Thank you.

8 CHAIRMAN ZALEWSKI: Great.

9 Are there any objections to allowing
10 Commissioner Sheahan to participate by phone?

11 (No response.)

12 CHAIRMAN ZALEWSKI: Hearing none, Commissioner Sheahan
13 is granted permission to participate by phone.

14 We have no requests to speak. We're now
15 moving on to our Public Utility Agenda. We have no minutes to
16 approve.

17 Moving on to the electric utility items,
18 Item E-1 concerns Docket ERM No. 19-088, which is the
19 MidAmerican filing to modify its "Rate QF" Cogeneration and
20 Small power Production Facilities.

21 Staff reviewed the filing and finds the
22 proposed modifications reasonable and, thus, recommends

1 allowing the rate to go forward and go into effect as filed.

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

4 (No response.)

5 CHAIRMAN ZALEWSKI: Hearing none, the filing is not
6 suspended.

7 Item E-2 concerns Docket 19-0174, which is the
8 Ameren Illinois Reconciliation under Hazardous Materials
9 Adjustment Clause Rider. The Order approves the
10 Reconciliation.

11 Are there any objections to approving the
12 Order?

13 (No response.)

14 CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

15 Items E-3 through E-6 concern applications for
16 authority to install distributed generation facilities in
17 Illinois. The Orders grant the certificates, finding that the
18 applicants meet the requirements.

19 Are there any objections to considering the
20 items together and approving the Orders?

21 (No response.)

22 CHAIRMAN ZALEWSKI: Hearing none, the Orders are

1 approved.

2 Items E-7 and E-8 concern applications for
3 authority to install, maintain, or repair electric vehicle
4 charging stations in Illinois. The Orders grant the
5 certificates, finding the applicants meet the requirements.

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

8 (No response.)

9 CHAIRMAN ZALEWSKI: Hearing none, the Orders are
10 approved.

11 Items E-9 through E-11 concern applications
12 for a license to operate as retail electric agents, brokers,
13 and consultants in Illinois. The Orders grant the licenses,
14 finding that the applicants meet the requirements.

15 Are there any objections to considering these
16 items together and approving these Orders?

17 (No response.)

18 CHAIRMAN ZALEWSKI: Hearing none, the Orders are
19 approved.

20 Moving on to the gas items, Items G-1 and G-2
21 concern Dockets GRM No. 19-185 and GRM 19-186, which are the
22 North Shore Gas and Peoples Gas filing to modify their billing

1 format. Staff has reviewed the filings and finds the proposed
2 modifications reasonable and, thus, recommends to not suspend
3 the filing.

4 Are there any objections to considering these
5 items together and not suspending the filings?

6 (No response.)

7 CHAIRMAN ZALEWSKI: Hearing none, the filings are not
8 suspended.

9 Item G-3 concerns Dockets GRM 19-188, which is
10 MidAmerican's filing to revise the "Rider TDB" Daily Balancing
11 of Customer-Owned Volumes. Staff has reviewed the filings and
12 finds the proposed modifications reasonable and, thus,
13 recommends to not suspend the filing.

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

16 (No response.)

17 CHAIRMAN ZALEWSKI: Hearing none, the filing is not
18 suspended.

19 Item G-4 concerns Docket 19-0680, which is a
20 Joint Motion to Dismiss a customer complaint against
21 Constellation New Energy Gas Division regarding cancellation
22 fees.

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Are there any objections to granting the motion and dismissing the complaint?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the motion is granted.

Moving on to our Telecommunications items, Items T-1 and T-2 concern Dockets 19-0205 and 19-0206, which are petitions to cancel interexchange tariffs and certificates. The Orders grant the petitions to cancel those certificates.

Are there any objections to considering these items together and approving the Orders?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.

Items T-3 and T-4 concern Dockets 19-0216 and 19-0586, which are applications for certificates to provide telecommunications services. The Order grants the certificates.

Are there any objections to considering these items together and approving the Orders?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.

1 Moving on to the Water and Sewer items,
2 Item W-1 concerns Docket 19-0186, which is the application of
3 Utility Services of Illinois for a Consolidated Certificate of
4 Public Convenience and Necessity for the the Whispering Hills
5 Water System in McHenry and Lake Counties. The Order grants
6 the certificates.

7 Are there any objections to approving the
8 Order?

9 (No response.)

10 CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

11 Under Micellaneous Items we have Item M-1
12 that concerns Docket 17-0855, which is a rulemaking proceeding
13 initiated by the Commission to consider amendments to the
14 Commission's Rules relating to regulatory accounting treatment
15 of cloud-based solutions. The Order initiates the procedure
16 for facilitating -- for soliciting further comments to address
17 JCAR's objection.

18 Are there any objections to approving the
19 Order?

20 CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

21 We have one Petition for Rehearing. Item PR-1
22 concerns Docket 18-1215, which is the Application for Rehearing

1 in a customer complaint against Ameren Illinois as to billing.
2 The Administrative Law Judge recommends that the Commission
3 denies the application because the complainant presented no new
4 evidence to support her request.

5 Are there any objections to denying the
6 application?

7 CHAIRMAN ZALEWSKI: Hearing none, the Application for a
8 rehearing is denied.

9 We have three items under Other Business.
10 Item 0-1 concerns approvals of batches, contracts, and
11 confirmations under the Adjustable Block Program.

12 Are there any objections to approving the
13 Program Administrator's submissions?

14 (No response.)

15 CHAIRMAN ZALEWSKI: Hearing none, the submissions are
16 approved.

17 Item 0-2 concerns approval of the Illinois
18 Power Agency's proposed contract for the Evaluator for the
19 Illinois Solar for All Program.

20 Are there any objections to approving the
21 proposed contract?

22 (No response.)

1 CHAIRMAN ZALEWSKI: Hearing none, the contract is
2 approved.

3 Under Item 0-4 we have Ms. Kimberly Greene,
4 Chief Executive Officer of Southern Company Gas, and Mr. Melvin
5 Williams, President of Nicor Gas, who wish to report on the
6 status of compliance with the Order of Docket 15-0558.

7 Ms. Greene, please proceed.

8 MS. KIMBERLY S. GREENE: Good morning. It's a pleasure
9 to be with you this morning. I want to thank you for this
10 opportunity to speak with you. This is my second appearance
11 before you as Chairman, President, and CEO of Southern Company
12 Gas.

13 We've just passed the third anniversary of
14 Nicor Gas becoming a part of the Southern Company family.
15 Melvin Williams, who has served as President of Nicor Gas for
16 the past 4-and-a-half years, and I will be providing an update
17 on Southern Company Gas and Nicor Gas. In addition, I'm here
18 today to reinforce the commitment made to the ICC as part of
19 the Southern Company merger approval process. I want to assure
20 this Commission that we remain committed to our customers in
21 Illinois and remain as citizens of and servants in our
22 community.

1 Since the closing of the AGL Resources and
2 Southern Company merger in 2016 we remain in full compliance
3 with the merger conditions with no issues to report as we
4 continue to provide clean, safe, reliable, and affordable
5 service to our Illinois customers.

6 With respect to employment, we have met or
7 exceeded all required employment thresholds -- employment,
8 safety-related positions, and executive management -- and will
9 continue to do so. With our substantial infrastructure
10 programs underway in Illinois we see an ongoing need for not
11 only internal skilled labor and corporate staff at Nicor Gas
12 but also for external resources provided by our labor partners.

13 In addition, Nicor Gas has not had an impact
14 to its cost of capital as a result of its affiliation with
15 Southern Company and its subsidiaries. Maintaining strong
16 credit metrics supports a strong Nicor Gas.

17 We also continue to meet or exceed our
18 community commitments. Our customers, neighbors, and
19 communities deserve to have the support of strong corporate
20 citizens such as Nicor Gas. We continue to invest more than
21 \$2.2 million dollars annually in our communities -- funding,
22 partnering with, and volunteering -- to support a wide range of

1 organizations. Most importantly, we want our workforce and our
2 purchasing to be reflective of the communities that we serve.

3 The full details of our compliance with merger
4 conditions were provided in our report filed with the ICC last
5 month. Let me add that after the merger we have demonstrated
6 a strong track record of operating successfully under the
7 relevant conditions, and we plan to continue to do so for many
8 years to come.

9 Before we discuss specific activities of Nicor
10 Gas I'd like to say a few words about Southern Company. We are
11 pleased with our financial and operational performance, as our
12 premiere state-regulated gas and electric franchise operations
13 continue to perform well. These franchises represent the core
14 of Southern Company's value proposition: State-regulated
15 utilities that provide excellent industry-leading customer
16 service to large customer bases. With this as our primary
17 focus, Southern Company is committed to reinvesting capital into
18 businesses that operate in constructive regulatory environments
19 and have healthy capital investment programs that support our
20 continued focus on safety, serving new customers, and operating
21 efficiently.

22 Over the last 3 years we have been working

1 diligently across Southern Company and Southern Company Gas to
2 ensure the efficient and effective integration number of
3 businesses. Southern Company, like Southern Company Gas, holds
4 improvement, development, and retention of its employees as top
5 priorities. This fits well with our initiatives in Illinois to
6 maintain employment levels and hire and retain a
7 well-qualified, favorable, and diverse workforce.

8 Melvin will provide additional details on our
9 efforts to operate our system safely and ensure compliance with
10 all the pipelines, storage, and safety regulations; but I would
11 like provide my perspective on how I think about these issues
12 as the leader of our company.

13 First and foremost, the safety of our
14 employees and the public is paramount to everything we do. It
15 is about human beings, not counts or statistics. I focus on
16 creating an open learning environment where employees feel free
17 to speak up if there's a problem and on developing safety
18 systems that, combined with our risk-aware behavior, ensures
19 the development and safety of our people, our customers, and
20 our infrastructure.

21 Southern Company Gas has a strong history of
22 compliance and safe operations; and with our focus on

1 continuous improvement, we strive daily to build upon our
2 strong performance. I receive safety updates on a near daily
3 basis, and each month our safety and compliance team provides
4 Southern Company Gas's leadership with a detailed review of our
5 performance.

6 We examine a host of safety-related
7 initiatives, including our ongoing replacement of aging
8 pipelines, emergency response times, safety notifications,
9 enforcement actions, and industry incidents from which we can
10 learn, just to name a few. At every level we are committed to
11 improving by setting rigorous safety standards to ensure a safe
12 and secure work environment across all of our operations,
13 including Nicor Gas.

14 One other item I'm proud to share is a recent
15 Moody's investor service credit opinion issued last month on
16 Nicor Gas. In affirming Nicor Gas's solid, stable A2 rating,
17 Moody's noted several key factors in support of their opinion.
18 Most notably, Moody's highlights a credit supportive framework
19 that provides transparent regulatory mechanisms and timely
20 recovery of costs.

21 Moody's methodologies for utility companies
22 includes specific criteria for rating the, quote, "consistency

1 and predictability of regulation”, end quote. The ICC received
2 an “A” rating from Moody’s in this category, which is the
3 largest factor supporting the Nicor Gas credit rating.
4 Furthermore, this Commission’s constructive history of
5 regulation is highlighted as a key driver in the Company’s
6 track record and of strong credit metrics.

7 Moody’s also highlights how Nicor Gas’s
8 affiliation with Southern Company is a credit positive. This
9 is evidenced by the significant annual equity contribution that
10 Southern Company has provided to fund Nicor Gas’s
11 infrastructure programs and to maintain its “A” credit rating
12 post tax reform. Overall, Moody’s report highlights a
13 multitude of factors which supports Nicor Gas’s access to
14 capital and the low cost of debt that benefits our customers.

15 In closing, the safety of our customers, our
16 communities, and our employees, again, is paramount. Coupled
17 with a strong focus on customer service and constructive
18 regulatory environment, we look forward to providing efficient
19 and effective natural gas service to our Illinois customers in
20 the years ahead.

21 Again, thank you for your time today; and I
22 look forward to taking any questions that you may have

1 following Melvin's remarks.

2 MR. MELVIN WILLIAMS: Thanks, Kim.

3 Good morning, Commissioners. I'm pleased to
4 be here today to share our annual report. As Nicor Gas, we
5 continue to provide safe and reliable natural gas distribution
6 service to over 2.2 million.

7 First and foremost, I'd like to start with
8 safety, as safety of our people, our pipeline, and public are
9 always our number one priority. A prime example of this
10 commitment took place during the record-breaking cold weather
11 earlier this year. During this time, Nicor Gas broke some of
12 its own records, delivering more natural gas, more than
13 4.8 billion cubic feet, within a single day, surpassing records
14 from 2014 and the 2014 polar vortex.

15 Before and during this extreme cold whether
16 Nicor Gas employees proactively communicated with the public
17 about natural gas safety, energy assistance, and our plans to
18 ensure reliable service during this extreme weather.
19 Additionally, they worked around the clock to monitor our
20 pipelines and to ensure safe performance and the reliability of
21 our system.

22 More than 7,000 calls were received at our

1 customer contact and field contact centers. Our contact
2 personnel responded with 1500 calls during that period of time,
3 and we had no major outages during that period. I cannot tell
4 you how proud I am of the Nicor Gas employees who ensured that
5 we met our commitment to provide safe and reliable service
6 under the most difficult conditions in our company's history.

7 We remain committed to complying with all
8 current and anticipated pipeline safety rules, and we continue
9 to communicate safety education to our customers. Our
10 qualified infrastructure program, Investing in Illinois, has
11 been the cornerstone of our success in safety reliability by
12 allowing us to accelerate the modernization of our gas
13 infrastructure.

14 In 2018, we replaced 184 miles of aging
15 natural gas mains, over 15,000 natural gas services; and this
16 year we will replace over 135 miles of main and over 15,000
17 services. And I'm proud to report that all known cast iron
18 main has been removed from our system as of October of 2018.

19 We strategically continue to maintain our
20 system and its reliability, specifically our 36-inch Aux Sable
21 and 24-inch, Dubuque transmission line. In 2018, we replaced
22 10 miles of Aux Sable; and in 2019 we will replaced two

1 additional miles.

2 Upgrading our natural gas system also allows
3 us to continue to meet the demands for our current and future
4 customers. We recognize that a stable modern infrastructure is
5 the foundation to a strong business environment in our state,
6 and we continue to work with economic development organizations
7 to promote Illinois as a great place for businesses.

8 In 2018, we added approximately 11,000
9 customers; and we are eager to bring natural gas to new areas
10 of our neighborhood expansion program to provide residents a
11 more affordable option to convert to natural gas. In fact, we
12 recently have been granted the authority to serve the Galena
13 territory at the far west end of the Nicor Gas service
14 territory.

15 We've also currently identified over 2,000
16 customers that could potentially benefit from our neighborhood
17 expansion program, and we are proud of our consistent efforts
18 around business or supplier diversity. In 2018, Nicor Gas
19 spent 300- -- over \$346 million dollars directly with diverse
20 and woman-owned businesses. We remain committed to creating a
21 customer centric culture at Nicor Gas while enhancing our
22 customers' overall experience.

1 Since 2014 we've seen a 62 percent decrease in
2 our customer complaints. And today we've engaged more than
3 700,000 residential and business customers in our
4 energy-efficiency program. We've also implemented new criteria
5 to send alerts to the customer care team when a critical
6 customer issue arises. We will soon be releasing an innovative
7 communication solution through text messaging and personalized
8 concierge services to our customers, proactively providing
9 status updates regarding our schedules.

10 Finally, our Meter Modernization Program that
11 supports customers' demands for more information and tools to
12 support the energy efficiency usage has recently reached a
13 major milestone. We've installed one million advanced metering
14 devices. Our total commitment extends beyond our customers to
15 our communities as well. In 2018, we provided 2.5 million to,
16 approximately, 450 communities social and charitable
17 organizations; and our employees committed more than 2100
18 volunteer hours within our communities.

19 Even with the many investments and
20 improvements to our system, I am proud to say that our
21 customers have lower gas bills today than they had 10 years
22 ago. We are making prudent investments and improvements to our

1 system. We are investing in our employees and our communities
2 to ensure that safety and reliability of our system today and
3 well into the future. We are doing this while remaining one of
4 the most operationally efficient gas distribution companies in
5 the nation.

6 Our employees are our most important resource
7 that we have to meet our obligations of providing safe and
8 reliable natural gas service to our customers. In fact, Nicor
9 Gas has hired more than 1,000 employees in the past 5 years,
10 and we have plans to do more of that this year. Workforce
11 development continues to be a key priority as we begin
12 experiencing an increase in retirements over the last 5 years.

13 This, coupled with investing in Illinois, our
14 infrastructure modernization program has created a need for
15 additional qualified employees. To address this issue Nicor
16 Gas has partnered with Quad County Urban League and several of
17 our pipeline partners to launch the Nicor Gas Career Academy, a
18 6-week job training readiness program designed to prepare
19 participants for entry-level positions within the utility
20 industry, primarily focusing on natural gas.

21 Last year 21 individuals graduated from the
22 Career Academy's inaugural cohort. 13 of those individuals

1 were extended employment offers at Nicor Gas. Another 18 just
2 completed our second career academy cohort, 3 of whom have
3 already been extended offers for employment at Nicor Gas. We
4 also proudly support joint initiatives to increase awareness of
5 careers and energy.

6 We participate in STEM events for Nicor Gas
7 careers. In 2018, we participated in 78 events reaching nearly
8 7,000 students. Some of the ways we are actively participating
9 in the success of our employees include tuition discounts at
10 select universities, Southern Company's Tuition Reimbursement
11 Program, internal mentorship programs, the Benedictine
12 Leadership Program, and our recently launched Workforce
13 Leadership Development Program. We believe that a trained
14 workforce that is given an opportunity for professional growth
15 will engage in our workforce and will remain and grow with
16 Nicor Gas.

17 In summary, we have fully complied with
18 conditions established in our merger agreement and are pleased
19 with our performance around all but four areas of our
20 business -- safety and reliability, growth and economic
21 development, customer engagement, and employee engagement.

22 Thank you for your time. And Kim and I are

1 available for questions.

2 CHAIRMAN ZALEWSKI: Thank you both for being here and for
3 giving us this update. We appreciate it.

4 Do any of the Commissioners have questions?

5 (No response.)

6 CHAIRMAN ZALEWSKI: All right. Thank you. Appreciate
7 it.

8 Finishing up, Judge Teague-Kingsley, do you
9 have any matters to come before the Commission today?

10 JUDGE TEAGUE-KINGSLEY: No, Madam Chairman.

11 CHAIRMAN ZALEWSKI: Thank you.

12 Do any of the Commissioners have any other
13 business to discuss?

14 (No response.)

15 CHAIRMAN ZALEWSKI: Hearing none, and without objection,
16 the meeting is adjourned. Thank you everyone for being here
17 today.

18 (Whereupon, the above entitled matter
19 adjourned.)

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