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BEFORE THE
ILLINOIS COMMERCE COMMISSION
REGULAR OPEN MEETING
(PUBLIC UTILITIES)
November 1, 2017
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
- MIGUEL DEL VALLE, Commissioner
- JOHN R. ROSALES, Commissioner
- SHERINA MAYE-EDWARDS, Commissioner

SULLIVAN REPORTING COMPANY, by
Devan J. Moore, CSR
License No. 084-004589

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

3 (No response.)

4 CHAIRMAN SHEAHAN: I'm going to assume we are.

5 Pursuant to the Open Meetings Act, I
6 call the November 1st, 2017 Regular Open Meeting to
7 order. Commissioners del Valle, Edwards, Rosales,
8 and Oliva -- that's so nice to say, Commissioner
9 Oliva. Congratulations -- are here with me in
10 Chicago. We have a quorum.

11 We have no public comments. Our first
12 item of business is a report from Charles Matthews,
13 President of Peoples and North Shore Gas, on the
14 status of Compliance with the Order in Docket
15 No. 14-0496.

16 Mr. Matthews, if you would join us at
17 the table here. Have a seat. Make sure the mic is
18 on.

19 MR. CHARLES MATTHEWS: Thank you, Chairman.

20 Good morning, Commissioners. My name
21 is Charles Matthews. I am President and CEO of
22 Peoples Gas and North Shore Gas. I am here today to

1 update you on our progress in Illinois since the
2 WEC Energy Group Acquisition of Peoples Gas and North
3 Shore Gas in 2015. After my remarks I will be happy
4 to answer any questions that you might have.

5 Before we get started, thank you for
6 your support and concerns for Allen Leverett, the CEO
7 of WEC Energy Group. I can tell you that Allen has
8 been released from the hospital and is making
9 progress in his recovery. Gale Klappa will continue
10 to serve as interim CEO as long as necessary, but the
11 ultimate goal is for Allen to return to his duties.
12 But, again, your kindness and concern means a great
13 deal to Allen and his family and to all of us as
14 well.

15 Currently, WEC Energy Group's
16 operating utilities provide energy services to nearly
17 4.5 million customers in the Midwest, including
18 1 million customers of our Illinois Natural Gas
19 Utilities. Last year we reported on our integration
20 of the two companies and our continuous efforts at
21 Peoples Gas and North Shore Gas to improve the
22 quality, reliability, and cost effectiveness of their

1 services. We remain focused on improving our
2 operations and enhancing customer service throughout
3 our footprint. Ultimately, we want to achieve and
4 maintain world class levels of reliability, safety,
5 and customer satisfaction.

6 I am pleased to report that WEC Energy
7 Group remains in compliance with all of the
8 conditions in the Commission's order authorizing our
9 acquisition of Integrys. In addition, I would like
10 to update you on several important topics: the
11 Peoples Gas System Modernization Program, or SMP, our
12 relationship with the City of Chicago, and our
13 continuing commitments to workforce training,
14 supplier diversity, safety, customer service, and
15 contributions to the communities that we serve.

16 The Peoples Gas System Modernization
17 Program remains a top priority of the Commission, the
18 City of Chicago, and WEC Energy Group. Prior to
19 WEC's acquisition of Integrys, Peoples Gas had
20 undertaken this multi-decade effort to replace
21 at-risk natural gas mains in the City of Chicago,
22 some of which were installed well over 100 years ago.

1 When I started as president of Peoples
2 Gas, it was clear that the program needed a fresh
3 start. As we highlighted last year, we've made
4 significant improvements in the program, not the
5 least of which was bringing direct project management
6 back into the utility. This year we have focused our
7 team on executing the program with leading industry
8 practices and enhanced performance monitoring. These
9 and other initiatives have contributed to lower
10 construction costs and improved customer service.

11 In 2015 we entered into a
12 comprehensive agreement with the City of Chicago that
13 has enabled us to better perform our construction
14 activities and reduce inconveniences to the citizens
15 of Chicago. We have continued to improve our working
16 relationship with the City. As a result, we have
17 experienced a reduction in violations, citations, and
18 cancelled permits from CDOT, and we have greatly
19 improved our performance on completing projects
20 within permit time lines.

21 As a result of these efforts, let me
22 share just a few of the tangible improvements that we

1 have seen in executing SMP in the city of Chicago.
2 We achieved a 15 percent reduction in total costs to
3 install new natural gas mains and services. We are
4 on track to complete all of the work that we planned
5 to complete this year. The safety and environmental
6 benefits of modernizing our distribution system are
7 evident with the continued downward trend in leak
8 events.

9 Peoples Gas appreciates the
10 Commission's proactive and effective oversight of the
11 SMP which has encouraged and contributed to these
12 improvements. The workshops that the Commission
13 sponsored in 2016 affirmed the need to replace the
14 natural gas infrastructure in Chicago and identified
15 key areas of needed improvement such as providing
16 detailed project construction schedules to the City
17 of Chicago, minimizing disruption, and reducing the
18 time associated with restoration.

19 The stakeholder process initiated by
20 this Commission has resulted in a much improved
21 dialogue amongst stakeholders and has produced
22 consensus on key issues. The Commission's active

1 oversight continues with its thorough review of
2 virtually every aspect of the program in Phase 2 of
3 its investigation in pending Docket 16-0376.

4 I also want to take this opportunity
5 to recognize the Utility Workers Union of America,
6 Local 18007, and the International Brotherhood of
7 Electrical Workers, Local 2285. They and the other
8 unions representing our employees are critical
9 partners in everything we do in Illinois.

10 One of the challenges that we face is
11 the unprecedented rate at which skilled experienced
12 gas workers are retiring. We are especially proud of
13 our collaboration with the City Colleges of Chicago,
14 the Utility Workers Union of America, and the Power
15 For America Training Trust Fund to develop the Gas
16 Sector and Utility Workers Training Program. This
17 program is designed to give military veterans
18 returning from service the opportunity to acquire the
19 skills needed to work in the safe natural gas
20 industry. This program has placed 249 veterans,
21 about 25 percent of our entire Chicago union
22 workforce, into new gas worker positions since 2012.

1 Earlier this year you joined us to
2 celebrate the grand opening of our state of the art
3 training facility in the Little Village neighborhood.
4 This \$20 million dollar investment reclaimed a former
5 gas manufacturing site and created a 100,000 square
6 foot facility that we are using to train our current
7 and next generation of employees to install and
8 service natural gas pipes and meters, conduct safety
9 inspections, investigate leaks, and respond to
10 emergencies. The general contractor and over 85
11 percent of the subcontractors who built our new
12 training facilities were minority-owned firms. This
13 is just one example of our commitment to diversity in
14 contracting. Indeed, I'm pleased to report that the
15 annual diversity spend for Peoples Gas and North
16 Shore Gas has almost doubled between 2016 and 2017.
17 And at over \$80 million to date the companies have
18 exceeded their shared spending goal for all of 2017.

19 One of our core values is safety, and
20 here we have more work to do. While North Shore Gas
21 has achieved an outstanding 870-plus days without a
22 lost time injury, Peoples Gas has experienced an

1 uptake in OSHA reportable incidents and lost time
2 injuries in 2017. This is disappointing to us after
3 the reductions the company achieved in 2015 and 2016.
4 Our senior team has placed a tremendous amount of
5 focus and effort on reducing the frequencies as well
6 as the severity of injuries, and we are redoubling
7 those efforts and introducing new programs such as
8 Safe Start and Near Miss and Unsafe Conditions
9 Reported.

10 Another one of our core values is
11 creating an excellent experience while offering truly
12 personal care to every customer, every transaction
13 every time. Our electric and natural gas utilities
14 in Wisconsin consistently rank among the best energy
15 companies on customer service and satisfaction. And
16 we are working hard to instill the same focus in
17 customer care at Peoples Gas and North Shore Gas.
18 Indeed, as part of our We Care Program Peoples Gas
19 and North Shore Gas employees have made over 313,000
20 phone calls and spoken directly to over 142,000
21 customers since the WEC Energy Group acquisition in
22 2015.

1 As a Chicago resident, I recognize the
2 importance of performing our work efficiently,
3 promptly, and communicating with customers on our
4 progress. Our team of specialists not only walk,
5 monitor, and report on field complaints, but also
6 work with our customer satisfaction field resources
7 to ensure that we continue to improve the customer
8 service experience. Through these efforts we have
9 seen a 60 percent decline in customer complaints
10 related to restoration over the last 2-and-a-half
11 years.

12 Another critical component of customer
13 service is compliments in accuracy in billing.
14 Earlier this year we implemented major enhancements
15 to our Customer Information System. Although the
16 project has been largely successful, as with any
17 software update, we have experienced some challenges.
18 One issue that we are aware of is with the timeliness
19 of information provided to alternative gas suppliers,
20 but that issue has had minimal impact on any of these
21 customers who are working hard to eliminate any
22 remaining issues.

1 You may have also noticed that our
2 numbers of disconnections is down considerably this
3 year. This is another result of our CIS software
4 update. Consistent with industry protocol, we halted
5 all disconnections for several months until the
6 system had undergone several billing cycles, and we
7 were competent of its functionality.

8 We are very proud of the substantial
9 contributions that our utilities and their employees
10 make to the communities we serve. In 2017, Peoples
11 Gas has submitted \$1.75 million to its Share the
12 Warmth Program. We will maintain that level of
13 funding through 2019, bringing our support of the
14 program to \$8 million over the first 5 years after
15 the acquisition.

16 With winter around the corner we are
17 proactively bringing awareness to the Share the
18 Warmth Program. Going beyond traditional customer
19 communications, our financial assistance campaign
20 includes social media, radio commercials, and
21 strategically placed signs on bus shelters and CTA
22 trains and platforms. Our radio ads have been

1 produced in English and Spanish. Our mass transit
2 placards include versions in English, Spanish,
3 Polish, and Mandarin.

4 Once again, this year Peoples Gas was
5 recognized as a Top 25 United Way focused citizen in
6 the City of Chicago. It is one of the top
7 fundraisers for the Chicago Special Olympics Polar
8 Plunge. In addition, our senior executives are
9 playing an active role in the community as board
10 members in a number of leading local organizations,
11 including the Chicago Urban League, the National
12 Latino Education Institute, the Chicagoland Chamber
13 of Commerce, the Metropolitan Planning Council, Ounce
14 of Prevention, Chicago Economists, World Business
15 Chicago, Youth Guidance Council, and the Chicago
16 Public Library, to name just a few.

17 In summary, we continue to make a
18 tremendous amount of progress with our Illinois
19 operations. We have set and are achieving measurable
20 goals such as those that I have reviewed with you
21 today. Through the achievement of these and future
22 goals I expect sustained improvement in our

1 operations in customer service.

2 I would now be happy to answer any of
3 your questions. If I cannot completely address a
4 question, I will supplement my remarks with
5 additional material. Thank you.

6 CHAIRMAN SHEAHAN: Thank you, sir.

7 Any questions? Commission del Valle?

8 COMMISSIONER DEL VALLE: Thank you,
9 Mr. Matthews for your report. It's good to see you
10 again.

11 MR. MATTHEWS: It's good to see you.

12 COMMISSIONER DEL VALLE: I've reviewed the
13 conditions, the 47 conditions. I do have just a few
14 quick questions here just for clarification for my
15 sake.

16 Do you have the conditions in front of
17 you?

18 MR. MATTHEWS: I do not; but, again, I
19 certainly can supplement it in writing.

20 COMMISSIONER DEL VALLE: Rather than be
21 specific, let me try to be more general here.

22 Conditions 9 and 10 make reference to

1 the report, the final report -- the Phase 2 Liberty
2 Report that was, or is, according to -- and I'm
3 quoting -- "The condition is expected to be completed
4 after the Q2 2017 report that was issued by Liberty
5 early in Q3 of 2017."

6 That report hasn't been filed. I
7 haven't seen that report. Do you know the status of
8 that report which is related to Conditions 9 and 10?

9 MR. CHARLES MATTHEWS: Commissioner, it is my
10 understanding --

11 Well, first of all, we did work with
12 Liberty. It's my understanding that they have
13 completed their report and it is at the Commission.

14 COMMISSIONER DEL VALLE: So that Q2 2017 report
15 is at the Commission?

16 MR. CHARLES MATTHEWS: That's my understanding,
17 or still with Liberty.

18 COMMISSIONER DEL VALLE: Or still with Liberty.
19 Okay.

20 MR. CHARLES MATTHEWS: But it is virtually
21 completed, in terms of our work with them.

22 COMMISSIONER DEL VALLE: As far as your end is

1 concerned, it's completed.

2 MR. CHARLES MATTHEWS: That's my understanding.

3 COMMISSIONER DEL VALLE: The Pipeline Safety
4 Management System on your most recent Semi Annual
5 Compliance Report shows that you shared your OSHA
6 stats while developing it. And on June 24th it
7 was -- and I quote -- "filed with the Commission
8 Pipeline Safety Branch."

9 This condition says that it shall be
10 filed or produced -- or a draft shall be produced to
11 the Commission for approval within 2 years. Is that
12 still the time line for Commission approval?

13 MR. MATTHEWS: That is my understanding. It is
14 also my understanding that that report has been
15 filed.

16 COMMISSIONER DEL VALLE: The question on
17 Condition 13 involved the capital spending during
18 2015 to 2017. Judging by your most recent Semi
19 Annual Compliance Report on these conditions
20 submitted June 29th, Peoples is roughly 84 percent
21 through the compliance period, but has reached 75
22 percent of the spending required. That's for North

1 Shore and Peoples.

2 Do you anticipate being able to meet
3 this condition? That's Condition 13.

4 MR. CHRISTOPHER MATTHEWS: Absolutely. Yes.

5 COMMISSIONER DEL VALLE: So you will meet the
6 \$1 billion goal?

7 MR. CHARLES MATTHEWS: Yes.

8 COMMISSIONER DEL VALLE: Okay. Then Condition
9 No. 18 relates to ensuring that your savings from the
10 reorganization shall flow through to rate payers. In
11 your most recent Annual Compliance Report on these
12 conditions, you rightly noted that your company had
13 not filed for a rate increase at that time.

14 Up until now what are some of the
15 savings that your company has enjoyed from this
16 merger and hopefully will pass down to the
17 ratepayers?

18 MR. CHARLES MATTHEWS: Well, at a very high
19 level -- and specific to those that are being passed
20 to our customers immediately, in real time, would be
21 those associated with economies of scale that now
22 have a bigger commodity group, a fuel procurement

1 group, are now buying gas for several more utilities,
2 those savings -- and I don't have a number of what
3 some of those savings are -- would be passed to the
4 customers on a real time basis.

5 Obviously, there are some others. The
6 CIS, the new customer information system, by now
7 taking that big cost and spreading it over more
8 companies, will result in some additional savings
9 that we'll be seeing in the future year. But on a
10 real time basis, the cost savings that are hitting
11 customers right now would be any of those that are
12 being impacted by gas routers or any other router,
13 including SMP.

14 COMMISSIONER DEL VALLE: So it's not a matter
15 of whether or not there will be savings passed on to
16 rate payers; it's a matter of how much?

17 MR. CHARLES MATTHEWS: I think that's exactly
18 how I would say it.

19 COMMISSIONER DEL VALLE: Thank you.

20 CHAIRMAN SHEAHAN: Thank you, Commissioner.

21 Any other questions?

22

1 (No response.)

2 CHAIRMAN SHEAHAN: Thank you, Mr. Matthews. We
3 appreciate you being here.

4 MR. CHARLES MATTHEWS: Thank you.

5 CHAIRMAN SHEAHAN: Moving into the rest of our
6 agenda this morning, we have no minutes to approve.

7 Item E-1 concerns reconciliation of
8 revenues under ComEd's EDA Rider.

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

11 (No response.)

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

14 Item E-2 concerns reconciliation of
15 revenues under MidAmerican's fuel adjustment clause.

16 Are there any objections to approving
17 the proposed Order approving the reconciliations?

18 (No response.)

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

21 E-3 concerns Saturn Electrical
22 Services' Application for Certification to Install

1 Electric Vehicle Charging Stations.

2 Are there any objections to the
3 proposed Order granting the certificate?

4 (No response.)

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

7 Items E-4 through 6 concern
8 Applications for Licensure as Agents, Brokers, and
9 Consultants.

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

13 (No response.)

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

16 Item E-7 concerns ComEd's Petition for
17 a Waiver of the Testing Schedule set forth in Code
18 Part 410.

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

21 (No response.)

22 CHAIRMAN SHEAHAN: Hearing none, the Order is

1 approved.

2 Item E-8 concerns National Gas &
3 Electric's Petition for the confidential treatment of
4 its Annual Report.

5 Are there any objections to approving
6 the proposed Order granting the petition?

7 (No response.)

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

10 Item E-9 concerns MidAmerican's
11 application to issue Preferred Stock and Long-Term
12 Debt.

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

15 (No response.)

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

18 Item E-10 concerns a consumer
19 compliant against Illinois Gas & Electric.

20 Are there any objections to approving
21 the Joint Motion to Dismiss?

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(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Joint Motion to Dismiss is granted.

Item G-1 concerns North Shore and Peoples Gas VBA Rider Reconciliations.

Are there any objection to approving the proposed Order approving the Reconciliations?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item T-1 concerns DeKalb County's petition to change its 9-1-1 provider.

Are there any objections to approving the proposed Order issuing a formal review of the DeKalb County's proposed modifications?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items T-2 and 3 concern Applications for Certificates to Operate as Resellers of Telecommunications Services.

Are there any objections to

1 considering these items together and approving the
2 proposed Orders?

3 (No response.)

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

6 Judge Kimbrel, are there any other
7 matters that you'd like to bring before the
8 Commission this morning?

9 JUDGE KIMBREL: No, Mr. Chairman.

10 CHAIRMAN SHEAHAN: Thank you.

11 Commissioners, do any of you have any
12 other business that you'd like to raise this morning?

13 COMMISSIONER MAYE-EDWARDS: Yes, Mr. Chairman,
14 if I may.

15 First and foremost, I'd like to concur
16 with your earlier sentiments in congratulating Sadzi
17 Oliva on her nomination. Sadzi Olvia has made
18 history as the first Latina Commissioner. I'm very
19 excited to have her here.

20 Can we give her a round of applause.

21 (Applause.)

22 COMMISSIONER MAYE-EDWARDS: And, second, I want

1 to thank Joanne Graham for her service as my policy
2 adviser over the last 7 months. It has been, like I
3 say, a short but sweet ride. I am very excited in
4 her next steps, which will be moving on to the Office
5 of General Counsel to work in the municipal section.
6 I know she will do as fabulous a job as she did for
7 me in her short time. So thank you for everything
8 you did, Jo. Good luck.

9 (Applause.)

10 CHAIRMAN SHEAHAN: All right. Unless there's
11 anything else, we stand adjourned. Thank you.

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14 (Whereupon, the above-entitled
15 matter was adjourned.)

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