

1 PROCEEDINGS

2 CHAIRMAN SCOTT: Pursuant to the provisions of
3 the Open Meetings Act, I now convene a regularly
4 scheduled Bench Session of the Illinois Commerce
5 Commission. With me in Springfield are Commissioner
6 Colgan and Commissioner McCabe. With us in Chicago
7 are Commissioner Ford and Commissioner
8 O'Connell-Diaz. I am Chairman Scott. We have a
9 quorum.

10 Before moving into the agenda,
11 according to Section 1700.10 of Title II of the
12 Administrative Code this is the time we allow members
13 of the public to address the Commission. Members of
14 the public wishing to address the Commission must
15 notify the Chief Clerk's Office at least 24 hours
16 prior to Commission meetings. According to the Chief
17 Clerk's Office we have one request to speak at
18 today's Bench Session. The request today comes from
19 Gary and Debbie Davidson. I believe Debbie Davidson
20 is there in Chicago?

21 MS. DAVIDSON: Uh-huh.

22 CHAIRMAN SCOTT: Okay, very good. According to

1 the Commission rules, you will have three minutes to
2 speak, Ms. Davidson. And, just to let you know, we
3 won't respond to you when you do, other than to say
4 thank you. But just so you know that going in. But
5 go ahead. Go ahead and sit up at the table there if
6 you want to, and that will be fine.

7 MS. DAVIDSON: We actually have the other lady
8 that's with us is going to speak for us. Is that
9 okay?

10 CHAIRMAN SCOTT: That's fine. Just make sure
11 she says her name. That's great.

12 MS. DAVIDSON: Thank you.

13 CHAIRMAN SCOTT: Go right ahead. Just tell us
14 your name, please.

15 MS. KAUFMAN: Good morning, everybody.

16 CHAIRMAN SCOTT: Good morning.

17 MS. KAUFMAN: My name is Koral Kaufman and I
18 reside at 37314 North Shirley Drive in Gurnee. Our
19 subdivision is petitioning against the unjust
20 increase in the water rates. The company, Utilities,
21 Inc., and their subsidized Charman Water Company has
22 recently been granted an increase in rates of water

1 from \$8.35 to \$23.20 per thousand gallons of water
2 used. They are also looking to our community to pay
3 their legal fees and employee hours spent on this
4 case, plus receive an additional increase of another
5 \$20 per gallon -- per thousand gallons of water used.

6 Our community of 53 homes is being
7 asked to take on the entire cost factor of a
8 corporation that has many subsidiaries. We are
9 paying one of the highest water rates in the state of
10 Illinois at \$8.35. We are now paying the highest
11 rate in the country at \$23.20. We live in northern
12 Illinois, less than seven miles from the Lake
13 Michigan which is our water source.

14 Utilities, Inc., has overinflated the
15 cost factors involved in providing our community with
16 water. They originally maintained the community
17 well. An increase was granted in 2004 to improve the
18 well structure and our supply. Even with these
19 additional funds, Charmar received no improvements
20 made. The community well was abandoned, and it was
21 decided that it would be more cost effective to tie
22 into the city of Waukegan's water supply which

1 already existed just across the street of Delany. No
2 improvements were made to the pipes going to our
3 homes which were installed in 1959.

4 There was an underground tank, one
5 pump house and a shed that we have an aerial shot of
6 which was located at 37116 Delany and 37173 Shirley
7 Drive. These sheds were removed with one truck and
8 in one load at the end of summer 2008.

9 However -- forgive me, I wasn't
10 finished writing it. However, Charmar also claims
11 that there is tax of a building at \$290,000 with a
12 depreciated value. We have not as a community been
13 able to find the taxes paid on this property. How
14 can Charmar claim that a building -- and expect us to
15 pay for something that does not exist. The extent of
16 the office in our neighborhood is an individual in a
17 pickup truck who comes by and parks sitting in his
18 truck on a laptop for hours, though Charmar's
19 management put in front of the ICC that they are
20 trying to force us to absorb the entire cost of the
21 computer upgrade system for Utilities, Inc., which is
22 not only overpriced, the customers' portion of the

1 website is ineffective, but it is also being used by
2 all of Utilities, Inc.'s, other subsidiaries as well.
3 Why are Charmar customers paying for it in full? At
4 best, all of Utilities, Inc.'s, subsidiaries should
5 be paying for this upgrade equally.

6 We do believe that we have been
7 overcharged. It's been over-inflated. The money is
8 financially for management misspent, misdirected,
9 could have been used for other and better
10 improvements and future improvements that are more
11 than needed. We have water pipelines that need to be
12 replaced, and we feel that the extra money that we
13 have paid above and beyond a reasonable amount,
14 anywhere between \$4 and \$8 per thousand gallons used,
15 should actually be going towards the future pipelines
16 that are going to be needed very soon, probably
17 within the next five years.

18 Anything else that I may have missed?

19 MS. DAVIDSON: We just ask that Charmar approve
20 that -- there is no proof that there is even a
21 contract. And we can't -- we don't have the
22 contract. If they could at least prove that there is

1 a contract, that it exists.

2 Assist -- if the ICC could assist us
3 in lowering the current rate. You know, if anything,
4 if they just even it out.

5 And approval -- if nothing else,
6 approval to drill a well, our own personal well.

7 And Charmar is saying that they also
8 take care of our wastes. We all have separate septic
9 systems. It is strictly water. That's pretty much
10 all.

11 MS. KAUFMAN: If anything, all the subsidiaries
12 that Charmar has that's in with Utilities, Inc., we
13 should all be equal. There is no reason why our
14 subdivision of 53 homes should take on the burden of
15 such an extortionary price that this company is
16 requesting, and yet in addition coming to the board
17 and requesting another \$20 for every thousand gallons
18 used. It is ridiculous.

19 CHAIRMAN SCOTT: Thank you, Ms. Kaufman. Thank
20 you, Ms. Davidson.

21 CHAIRMAN SCOTT: That concludes the public
22 comment portion of today's agenda. We will begin

1 today with the Transportation agenda and the Railroad
2 section.

3 (The Transportation portion of the
4 proceedings was held at this time
5 and is contained in a separate
6 transcript.)

7 CHAIRMAN SCOTT: Moving now to the Public
8 Utility agenda, we will begin with the Electric
9 portion and with Item E-1. This is Docket Number
10 11-0721 which is ComEd's initial formula rate filing
11 under Section 16-108.5 of the Public Utilities Act.
12 The company has made a motion seeking permission to
13 file amended rate schedules, and ALJs Sainsot and
14 Kimbrel recommend entry of an Order granting the
15 relief in part and denying it in part.

16 Is there any discussion?

17 (No response.)

18 Is there a motion to enter the Order?

19 COMMISSIONER McCABE: So moved.

20 CHAIRMAN SCOTT: Is there a second?

21 COMMISSIONER O'CONNELL-DIAZ: Second.

22 CHAIRMAN SCOTT: It's been moved and seconded.

1 All in favor say aye.

2 COMMISSIONERS: Aye.

3 CHAIRMAN SCOTT: Any opposed?

4 (No response.)

5 The vote is five to nothing, and the
6 Order is entered.

7 We will use this five to nothing vote
8 for the remainder of the Public Utility agenda,
9 unless otherwise noted.

10 Item E-2 concerns a potential oral
11 argument in ComEd's second formula rate docket,
12 Docket Number 12-0321. We won't receive Briefs on
13 Exception in this case until tomorrow, so we won't
14 know if an oral argument request has been made until
15 then. But in the meantime parties should be advised
16 that, should oral argument be requested, the
17 Commission is looking at 1 o'clock p.m. on December 5
18 at the Commission's Chicago offices for holding oral
19 argument.

20 However, as we wouldn't be able to
21 send out a notice for this oral argument until
22 Friday, we will need to waive the seven-day notice

1 requirement for oral argument pursuant to Title 83,
2 Section 200.850 of the Administrative Code. So I
3 will make a motion that we waive the seven-day notice
4 requirement.

5 Is there a second?

6 COMMISSIONER COLGAN: Second.

7 CHAIRMAN SCOTT: It's been moved and seconded.

8 All in favor say aye.

9 COMMISSIONERS: Aye.

10 CHAIRMAN SCOTT: Any opposed?

11 (No response.)

12 The vote is five to nothing, and the
13 seven-day oral argument notice requirement is waived.
14 Once again, should a formal request for oral argument
15 be received, we will look at 1 o'clock p.m. on
16 December 5 for that oral argument.

17 Item E-3 is Docket Number 12-0364.

18 This concerns Illinois Energy Aggregation's
19 application for licensure as an Agent, Broker and
20 Consultant under Section 16-115C of the Public
21 Utilities Act. We reopened this matter to have some
22 questions answered related to corruption charges

1 against one of the company's then principals, and ALJ
2 Albers recommends entry of an Order on reopening
3 affirming our prior grant of a certificate.

4 Is there any discussion?

5 (No response.)

6 Are there any objections?

7 (No response.)

8 Hearing none, the Order is entered.

9 Item E-4 is Docket Number 12-0431.

10 This is ComEd's petition seeking a certificate
11 granting it authority for a new transmission line
12 project in Will and Cook Counties. ALJ Riley
13 recommends entry of an Order granting the
14 certificate.

15 Is there any discussion?

16 (No response.)

17 Any objections?

18 (No response.)

19 Hearing none, the Order is entered.

20 Item E-5 is Docket Number 12-0486.

21 This is Jovan Simmons' complaint against ComEd. The
22 parties have apparently settled their differences and

1 have brought a Joint Motion to Dismiss which ALJ Benn
2 recommends we grant.

3 Is there any discussion?

4 (No response.)

5 Any objections?

6 (No response.)

7 Hearing none, the Joint Motion to
8 Dismiss is granted.

9 Items E-6 through E-11 (12-0527,
10 12-0542, 12-0565, 12-0578, 12-0581, 12-0589) can be
11 taken together. These items are applications for
12 licensure as an Agent, Broker and Consultant under
13 Section 16-115C of the Public Utilities Act. In each
14 case ALJ Albers recommends entry of an Order granting
15 the requested certificate.

16 Is there any discussion?

17 (No response.)

18 Any objections?

19 (No response.)

20 Hearing none, the Orders are entered.

21 Item E-12 is Docket Number 12-0598.

22 This is Ameren's petition for a certificate to build

1 and operate a new transmission line project across
2 central Illinois. Staff has made a motion seeking an
3 extension in the deadline for a decision in this
4 matter, and ALJs Albers and Yoder recommend granting
5 Staff's motion.

6 Is there any discussion?

7 COMMISSIONER O'CONNELL-DIAZ: Mr. Chairman, I
8 have no objection to the extension of time. However,
9 I would note that it does seem that the lists that
10 were given to our Staff's office to send out what was
11 a very, very extensive notice did contain numerous
12 errors causing our Staff to, I think, do double work.

13 And so given the fact that ATC is the
14 petitioner herein, I just would suggest that any
15 entity coming to the Commission should insure that
16 they have the appropriate landowner list and
17 municipalities so that our Clerk's Office is not
18 inundated with work that really should have been at
19 the hands of the petitioner in this instance or any
20 petitioner. And that is -- I am sure it has caused a
21 lot of backup in our Clerk's Office and extra work.

22 So I just wanted to note that for the

1 record, and on a going forward basis that any
2 petitioner should insure to have accurate and
3 complete lists to our Clerk's Office when they are
4 filing something like this.

5 CHAIRMAN SCOTT: Very good.

6 JUDGE WALLACE: Mr. Chairman, Commissioner, you
7 are right. This has put us back behind schedule by
8 at least three weeks and maybe four, just getting,
9 you know, the notice out, so.

10 COMMISSIONER O'CONNELL-DIAZ: Yeah, it is
11 really unacceptable. Maybe actually in the future
12 there should be a rejection of the filing when it
13 comes in if it appears that it has problems like
14 that. Put it back on their plate. Just an idea.

15 JUDGE WALLACE: That was --

16 COMMISSIONER FORD: Excellent idea.

17 CHAIRMAN SCOTT: Certainly grab their
18 attention.

19 Is there any further discussion?

20 (No response.)

21 Any objections?

22 (No response.)

1 Hearing none, the motion is granted,
2 and the deadline is extended.

3 Item E-13 is Docket Number 12-0610.
4 This is CUB's filing seeking approval of the contents
5 of CUB informational enclosures included in mailings
6 from state agencies. ALJ Riley recommends entry of
7 an Order approving the enclosures.

8 Is there any discussion?

9 (No response.)

10 Any objections?

11 (No response.)

12 Hearing none, the Order is entered.

13 Item E-14 is Docket Number 12-0244.

14 This is the docket for considering Ameren's AMI plan
15 filed under Section 16-108.6 of the Public Utilities
16 Act. The Commission initially entered an Order
17 rejecting this plan in May. It then granted
18 rehearing on the plan pursuant to a request by
19 Ameren, and before us today is an Order on Rehearing
20 approving Ameren's AMI plan. ALJs Yoder and Von
21 Qualen recommend entry of that Order. There have
22 been some revisions circulated, but to give everybody

1 an opportunity to look at those revisions, we will
2 hold this matter for disposition at a future
3 Commission proceeding.

4 Turning now to Natural Gas, Items G-1
5 and G-2 (12-0636, 12-0637) can be taken together.
6 These items concern the initiation of pipeline safety
7 citation proceedings against Ameren in Creal Springs.
8 In each case Staff recommends entry of an Order
9 initiating the citation proceeding.

10 Is there any discussion?

11 (No response.)

12 Any objections?

13 (No response.)

14 Hearing none, the Orders are entered.

15 Item G-3 is Docket Number 10-0567.

16 This is Nicor's reconciliation docket for revenues
17 collected under its energy efficiency rider for a
18 year of energy efficiency programs run pursuant to
19 the Order in the last rate case. ALJ Hilliard
20 recommends entry of an Order approving the
21 reconciliation with disallowances included for
22 expenses disputed by the AG, CUB and Staff.

1 Is there any discussion? Commissioner
2 McCabe?

3 COMMISSIONER McCABE: Yes, I would just like to
4 note we have had two Orders disallowing incentive
5 compensation under riders in the last few months.
6 Incentive compensation is an important part of
7 employee compensation in the private sector. I hope
8 that the parties involved can find a resolution to
9 this issue in future cases, whether through base
10 rates or rider-specific metrics. Thank you.

11 CHAIRMAN SCOTT: Further discussion?

12 COMMISSIONER FORD: I certainly agree with you,
13 Senator McCabe, on that issue.

14 COMMISSIONER O'CONNELL-DIAZ: I do, too, and
15 the issue of incentive compensation is something that
16 the Commission has grappled with, and obviously in
17 each case it is incumbent upon the company to connect
18 the dots so that the Commission can actually look at
19 the benefit stream that they are seeking to -- if
20 they are seeking to include these type of programs in
21 rates. And I think the Commission has tried to be
22 clear on what we would be looking for, but we still

1 seem to struggle with it.

2 So I agree with your point that
3 everyone needs to sharpen their pencils when they
4 come in and bring us the best situation, because we
5 do recognize that these are important programs but
6 only if they benefit ratepayers.

7 CHAIRMAN SCOTT: Further discussion?

8 (No response.)

9 Are there any objections?

10 (No response.)

11 Hearing none, the Order is entered.

12 Items G-4 and G-5 (10-0692, 10-0693)

13 can be taken together. These items are
14 reconciliation dockets for Peoples Gas and North
15 Shore Gas for revenues collected under purchased gas
16 adjustment clauses in 2010. In each case ALJ Teague
17 recommends entry of an Order approving the
18 reconciliation.

19 Is there any discussion?

20 (No response.)

21 Any objections?

22 (No response.)

1 Hearing none, the Orders are entered.

2 Moving on to Telecommunications, Item
3 T-1 is Docket Number 12-0555. This is a petition by
4 Teleport Communications America seeking Certificates
5 of Local and Interexchange Authority to operate as a
6 reseller and facilities-based carrier of
7 telecommunication services. ALJ Benn recommends
8 entry of an Order granting the certificate.

9 Is there any discussion?

10 (No response.)

11 Any objections?

12 (No response.)

13 Hearing none, the Order is entered.

14 Items T-2 and T-3 (12-0526, 12-0586)
15 can be taken together. These are petitions by
16 Edwards County and the City of Marion seeking
17 approval of or modifications to their 9-1-1 emergency
18 response system. In each case ALJ Haynes recommends
19 entry of an Order granting the petition.

20 Is there any discussion?

21 (No response.)

22 Any objections?

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(No response.)

Hearing none, the Orders are entered.

On to Water and Sewer, Item W-1 is Docket Numbers 11-0561 through 11-0566. This is the rate case for Charmar Water Company, Cherry Hill Water Company, Clarendon Water Company, Killarney Water Company, Ferson Creek Utilities Company and Harbor Ridge Utilities. Our Final Order in this matter was entered in May. The company filed a Petition for Rehearing concerning the companies' internal rate case expenses and the Commission granted rehearing on that issue. On rehearing ALJ Dolan recommends entry of an Order on Rehearing affirming the Commission's original conclusion, disallowing the companies' alleged internal rate case expenses.

Is there any discussion? Commissioner McCabe?

COMMISSIONER McCABE: I found the results of this rehearing disappointing in that insufficient detail was provided to justify additional rate case labor expenses. To satisfy the recent

1 Illinois-American Appellate Order, more detail is
2 needed for recovery of rate case labor expenses. In
3 addition, a related rulemaking is ongoing. The
4 Commission has an obligation to abide by the
5 Appellate Court's Order in reviewing the expenses.

6 CHAIRMAN SCOTT: Further discussion?

7 COMMISSIONER O'CONNELL-DIAZ: I would agree
8 with Commissioner McCabe and, you know, the
9 company -- what the company provided in this record
10 was paltry. They did not give the Commission the
11 information in order to really even do an analysis of
12 what they were requesting. And as we know, only
13 costs that have been fully reviewed and supported by
14 appropriate evidence would pass that muster.

15 The fact that this was their petition
16 for rehearing and they failed to bring what they
17 needed to the table in order for us to make a
18 thorough review is, I think as Commissioner McCabe
19 suggested, disappointing, and so it is appropriate
20 for the Commission to deny the requests that the
21 company seeks for these additional expenses. Because
22 they are just -- they are just not supported, and

1 this Commission has a long history of only looking at
2 things in that manner that are sufficiently supported
3 by appropriate evidence, and that is just not the
4 case here.

5 COMMISSIONER FORD: And certainly rehearing was
6 granted for the purpose of them bringing in
7 additional evidence, and they did not do that.

8 CHAIRMAN SCOTT: Yeah, I agree with all of
9 those comments. And the fact that they had really
10 two kicks at it to try to get this right and,
11 honestly, the second try at it was not only not
12 better than the first, it may even have been worse,
13 and it really calls into question all of the
14 documentation that we got. This one isn't even
15 close.

16 And I agree with the colleague who
17 said it is very disappointing to see this, especially
18 when we are asking ratepayers to pay for this. And
19 to think that the company has no more documentation
20 than what they provided here is really fairly
21 stunning and disappointing, and hopefully we will see
22 better in the future from the company.

1 Further discussion?

2 JUDGE DOLAN: Chairman, just real quick.

3 CHAIRMAN SCOTT: Yes, update.

4 JUDGE DOLAN: Yes, there was nine additional
5 comments on the e-Docket since September 4, for a
6 total of 26 comments on e-Docket.

7 CHAIRMAN SCOTT: Thank you, Judge.

8 Any further discussion?

9 (No response.)

10 Are there any objections to enter the
11 Order on Rehearing?

12 (No response.)

13 Hearing none, the Order is entered.

14 Item W-2 is Docket Number 12-0279.

15 This is a petition seeking the approval of a
16 corporate reorganization in which Corix would acquire
17 Hydro Star and its Utilities, Inc., subsidiary
18 utilities. ALJ Teague recommends entry of an Order
19 approving the reorganization, subject to conditions
20 agreed to by the parties.

21 Is there any discussion?

22 (No response.)

1 Any objections?

2 (No response.)

3 Hearing none, the Order is entered.

4 Just want to remind folks that at 1:30
5 this afternoon we will have an oral argument in Case
6 Number 12-0293 which is the Ameren update formula
7 rate case and that will be held, just as we are doing
8 this meeting, by telecommunications between Chicago
9 and Springfield.

10 And one last thing, Commissioner Ford,
11 you referred to Commissioner McCabe as senator, and I
12 didn't know if you thought that was a promotion or
13 not.

14 COMMISSIONER FORD: I did? I heard she was
15 running.

16 CHAIRMAN SCOTT: I will let you all work that
17 out later.

18 Judge Wallace, are there any other
19 matters to come before the Commission today?

20 JUDGE WALLACE: No, that is all, Mr. Chairman.

21 CHAIRMAN SCOTT: Thank you, sir. This meeting
22 stands adjourned.

MEETING ADJOURNED