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BEFORE THE
ILLINOIS COMMERCE COMMISSION
PUBLIC UTILITY REGULAR OPEN MEETING
Tuesday, December 4, 2018
Chicago, Illinois

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

PRESENT:

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

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

1 CHAIRMAN SHEAHAN: Good morning.

2 Are we ready to proceed in
3 Springfield?

4 CHIEF CLERK: Yes, we are.

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

10 Our first item of business is a report
11 from Charles Matthews, the president of Peoples Gas
12 and North Shore Gas, on the status of compliance with
13 the order in Docket 14-0496.

14 Mr. Matthews, please make sure the mic
15 is on. The floor is yours.

16 MR. CHARLES MATTHEWS: Good morning.

17 CHAIRMAN SHEAHAN: Good morning.

18 THE COURT: Let me start by thanking you,
19 Mr. Chairman, for allowing me to come back again to
20 provide, this morning, our annual update.

21 As you know, this is the fourth year
22 we've provided --

1 CHAIRMAN SHEAHAN: Mr. Matthews, would you --
2 yeah. Just pull the mic a little closer.

3 MR. CHARLES MATTHEWS: As you know, this is the
4 fourth year we've provided this update since WEC
5 Energy Group acquired Peoples Gas and North Shore Gas
6 back in 2015. We've made great strides on many
7 different fronts since then, and I'm pleased to tell
8 you we remain in full compliance with all of the
9 conditions in the Commission's order authorizing the
10 merger.

11 After my remarks, I will be happy to
12 answer any specific questions you might have.

13 Even through it's only been a year
14 since I was formally -- I formally updated you last,
15 I have a lot to share with you this morning. 2018
16 has been a busy year for Peoples Gas and North Shore
17 Gas and a busy year for WEC Energy Group as a whole.

18 Let me start by telling you about a
19 few leadership changes at WEC Energy Group. As you
20 may recall, Gale Klappa returned as CEO when Allen
21 Leverett went on medical leave last year. While
22 Allen's recovery continues to go well, he has

1 resigned as president. Allen will continue to serve
2 on the WEC Energy Group Board of Directors, and we're
3 happy we will continue to benefit from his insight.

4 In October the board named Kevin
5 Fletcher the new president of WEC Energy Group. I've
6 worked with Kevin for a long time, and he's a natural
7 choice for the position. He has more than 40 years
8 of experience in the energy industry, most recently
9 as president of WE Energies and Wisconsin Public
10 Service, the largest subsidiaries of WEC Energy
11 Group.

12 Now let me turn to my update for
13 Peoples Gas and North Shore Gas. I would like to
14 start by talking about safety.

15 The safety of our customers,
16 employees, and the public at large is always our top
17 priority. As you know, pipeline safety is a subject
18 that's been in the news recently. The tragic
19 explosions outside Boston underscore the critical
20 need to upgrade natural gas delivery systems across
21 the nation, particularly in older cities that have
22 low-pressure systems.

1 Low-pressure systems like those
2 operated by Peoples Gas and utilities in other major
3 metropolitan areas are inherently less safe than
4 medium-pressure systems.

5 Even with the best processes,
6 procedures, and training, the best way to ensure
7 public safety is to upgrade our systems. As Andy
8 Hesselbach, our VP of Construction, shared last week,
9 fortunately, in Chicago, we are well on the way to
10 modernizing our natural gas delivery system.

11 Under our System Modernization
12 Program, we are converting our system from low to
13 medium pressure and replacing outdated cast iron gas
14 mains with modern plastic piping.

15 In the meantime, we maintain multiple
16 safety procedures, training, and improved
17 technologies to monitor our low-pressure system. We
18 have new remote-monitoring technology that allows us
19 to monitor portions of the system as well as
20 slam-shut shut valves that help protect against
21 overpressure conditions.

22 Today, approximately half of our

1 system is medium pressure, and we're working to
2 upgrade the remainder. Medium-pressure systems are
3 safer because they include individual regulators to
4 reduce pressure at each customer premise; external
5 shutoff valves that are easily accessed by energy
6 personnel; and excess flow valves to stop the flow of
7 natural gas in the event of a leak inside or outside
8 the home or business.

9 I'm pleased to report that, over the
10 last three years, we have worked extensively with the
11 City of Chicago, Commission staff, organized labor,
12 and our contractors to increase collaboration, which
13 has resulted in improved efficiencies in our System
14 Modernization Program. We will continue working with
15 all our stakeholders as we move forward. Thank you
16 again for your continued leadership on this very
17 important issue.

18 I'd now like to talk a little more
19 about what we're doing to serve and assist our
20 customers. Over the past three years, we have
21 undertaken multiple customer service initiatives. To
22 begin with, we have updated our customer information

1 system. The goal is to continue to improve customer
2 service by providing a better and more-friendly
3 experience with our -- for our customers.

4 Among the improvements, customers who
5 call our Care Center now have a callback option when
6 call volume is high. They also don't have to repeat
7 account information they previously entered over our
8 automated telephone system. Customers who access
9 their bills online now can view bills in the same
10 format as their paper bills. Customers enrolled in
11 E-Bill now can pay multiple accounts at the same
12 time. And payments made online, via telephone, or at
13 any authorized payment agent now post in real time,
14 which helps customers avoid service disruptions.

15 In addition to our processes, we're
16 also doing a better job at communicating directly
17 with our customers and encouraging our customers to
18 communicate directly with us. To that end, this year
19 we launched Facebook pages for Peoples Gas and North
20 Shore Gas, in addition to our existing Twitter pages.

21 We also have completed more than
22 60,000 individual customer satisfaction calls and

1 added the ability for customers to escalate concerns
2 directly to senior leadership through our email-a-VP
3 program.

4 To better assist our low-income
5 customers, we have significantly expanded the reach
6 of our Share the Warmth assistance program in the
7 past year by suspending the requirement that
8 customers make a matching payment to receive a grant.
9 So far this year, we've awarded \$2.6 million in Share
10 the Warmth assistance. That's more than 13,000
11 grants and 4 times the numbers of grants we awarded
12 in all of last year. We have again suspended the
13 matching requirement this winter so we can continue
14 providing additional financial assistance to those
15 most in need.

16 I also would like to mention our
17 energy efficiency programs, which we now more
18 directly manage as a result of the Future Energy Jobs
19 Act.

20 Since we implemented our energy
21 efficiency programs seven years ago, we've awarded
22 \$85 million in incentives to help customers make

1 energy-saving upgrades to their homes and businesses.
2 This year alone we're projecting to award more than
3 \$16 million in incentives.

4 Improvements made through the programs
5 have resulted in overall savings of 63 million therms
6 of natural gas for customers at Peoples Gas and North
7 Shore Gas. We're currently working with our
8 public-sector customers to develop long-term
9 energy-savings plans. This exciting new initiative
10 will provide savings for organizations like the CTA,
11 Chicago Public Schools, and Waukegan School District.

12 I'll give you an example of just one
13 project. Working with CEDA and the Illinois Housing
14 Weatherization Assistance Program, we completed a
15 comprehensive energy-saving project at Wentworth
16 Gardens, a public housing property managed by the
17 Chicago Housing Authority. The project involved
18 retrofitting boilers and water heaters, weatherizing
19 the building, and installing energy-saving devices in
20 individual units. We provided over \$830,000 in
21 incentives and helped the property and tenants save a
22 combined 229,000 therms of natural gas. Like safety,

1 improving our customer service is always a top
2 priority.

3 Now, let me give you a quick snapshot
4 of our workforce and training initiatives. Peoples
5 Gas and North Shore Gas continue to be a major source
6 of employment and economic opportunity.

7 As I've mentioned in the past, we are
8 in the midst of a large wave of retirements. Over
9 the next three years, we expect about 14 percent of
10 our employees will retire. Combined with our System
11 Modernization Program, these retirements have created
12 unprecedented opportunities for a new generation of
13 workers.

14 Our union workforce, for instance, is
15 1,050 today. That compares with 875 before we began
16 our System Modernization Program in 2011. During
17 construction season, SMP alone creates another 2,000
18 full-time jobs.

19 Many of the talented new employees
20 we've hired in recent years are graduates from our
21 Utility Worker Training Program for veterans. As you
22 know, the program provides coursework and training at

1 the Dawson Technical Institute at Kennedy King
2 College to prepare participants for utility careers.
3 It's made possible through a close partnership with
4 Gas Workers Local 18007. And, since 2012, we've
5 hired almost 400 veterans who've graduated from the
6 program.

7 Our increased hiring has allowed us to
8 further diversify workforce. 71 percent of our hires
9 in the past two years have been diverse employees,
10 and Illinois workforce as a whole is currently 58
11 percent diverse.

12 We're proud that our workforce looks
13 like the community we serve, but we're equally proud
14 of the diversity of the suppliers with whom we do
15 business. In 2017 we spent \$125.5 million on diverse
16 suppliers, up from \$69.8 million in 2016.

17 Turning to community outreach and
18 corporate citizenship, I can tell you I am very proud
19 of the contributions of employees and our company
20 make to the communities we serve. Last year our
21 employees collectively volunteered 5,000 hours of
22 service with our community partners. They also

1 donated and raised nearly \$350,000 through our United
2 Way campaign, matching gifts program, and
3 participation in company-sponsored events such as my
4 favorite, the Chicago Polar Plunge, and the Making
5 Strides Against Breast Cancer walk.

6 This was in addition to the 3.5
7 million Peoples Gas and North Shore Gas contributed
8 directly to our community partners in the areas of
9 the arts, neighborhood development, education, human
10 services, health, and the environment.

11 I won't list all of those
12 contributions, but I do want to mention our support
13 for the 50th anniversary of Special Olympics,
14 including the torch lighting ceremony at Soldier
15 Field. The ceremony featured athletes from around
16 the world, including some who participated in the
17 very first Special Olympics here in Chicago in 1968.

18 In addition to our existing community
19 partnerships, we've expanded our outreach over the
20 past year with new relationships with the charitable
21 organizations of the Chicago Cubs and the Chicago
22 White Sox. We call it our K's for a Cause program,

1 and we're particularly proud to be the exclusive
2 sponsor of the Cubs' RBI Scholars Program, which
3 provides mentoring and scholarships for students at
4 four Chicago high schools.

5 In summary, we continue to make
6 tremendous progress in our Illinois operations. We
7 look forward to continuing to work with the
8 Commission and all of our stakeholders in 2019.

9 Thank you for the opportunity. I tell
10 you, I had a lot to share. Hopefully, I didn't take
11 too much of your time, but I would certainly now be
12 happy to answer any questions you may have.

13 CHAIRMAN SHEAHAN: Thank you.

14 Any questions from Commissioners?

15 (No response.)

16 CHAIRMAN SHEAHAN: Thank you, sir.

17 MR. CHARLES MATTHEWS: All right.

18 CHAIRMAN SHEAHAN: Moving on to Public
19 Comments, we have one request to speak. As a
20 reminder, you'll have three minutes. We'll let you
21 know when you have two minutes left, one minute left
22 and when your time has expired.

1 Please be aware that, while the
2 Commission affords the public an opportunity to
3 comment, we will not respond to your comments. Your
4 comments will be made part of the record; however, we
5 cannot rely on them to resolve disputed issues of
6 facts in contested case.

7 Our only speaker is Joseph H. O'Brien.

8 Mr. O'Brien?

9 MR. JOSEPH O'BRIEN: Thank you very much.

10 I'm here on behalf of our client,
11 Pier 60, Inc., d/b/a 2 Guys and a Van. They have
12 received a failed audit letter.

13 The reason that we're even subject to
14 an audit -- they started out very small. They
15 started as a Subchapter S corporation. They grew
16 very quickly over the last eight years, and their
17 accountant advised them that they should change their
18 corporate structure to that of a regular corporate
19 taxing entity. Because of that, they went through a
20 non-hearing transfer. That made them subject to an
21 audit.

22 Last October when we were on our last

1 six months of a temporary -- a temporary authority,
2 we hadn't heard anything about an audit, and we knew
3 that, as of December 1st, our six months was going to
4 run out.

5 On October 19th we requested that an
6 audit be done. That began the process. There was a
7 lot of back-and-forth of -- every time that we
8 submitted documents, there was a request for more
9 documents.

10 This is a carrier that performs,
11 literally, several thousand moves a year. In a
12 three-month period, to produce some of the documents
13 that were required, they had to produce approximately
14 6,000 pieces of paper.

15 We got down to the last couple of days
16 last week. The audit had not been completed. We
17 made an offer that if they would -- the staff member
18 would recommend that we get a permit and authority,
19 we would continue to supply any documents that she
20 might want. We never really got an answer to that.

21 It seemed like the crux of the whole
22 thing was, was, that she was focusing in on, was that

1 their books were not being kept in accordance with
2 general accepted accounting principles.

3 On Thursday we made an offer that the
4 client would pay for an audit to be done by an
5 independent CPA. That if the authority would be --
6 would be given a permit authority, we would commit to
7 having that audit done. We did not really get an
8 answer to that. We were told that she had to check
9 with her supervisor, who she said was a Commerce
10 Commission police officer, and we never did get an
11 answer. Friday, we got a letter from the staff
12 member.

13 It's our contention that the
14 procedures and statutes have been violated. The
15 Commission's rules require that the Motor Carrier
16 Employee Board issue an order. Had that been done,
17 we would have had the right to appeal to the
18 Commission. The Motor Carrier Employee Board would
19 have been stayed. The carrier would still be
20 operating today.

21 He has now had to lay off 20 people
22 four weeks before Christmas and tell 51 people, who

1 were scheduled to be moved by him, that they have to
2 go find other arrangements.

3 We think that there has to be some
4 remedy that the Commission could take to right what
5 is an egregious injustice. I spent 43 1/2 years as a
6 judge at the Commission, and, Commissioners, I've
7 really never seen anything quite like this.

8 Thank you very much for your time.
9 I've been told my time is now complete.

10 CHAIRMAN SHEAHAN: Thank you, Mr. O'Brien.
11 That concludes our public comments.

12 We'll now move into our Public Utility
13 Agenda.

14 There are no edits to the
15 November 8th, 2018, Regular Open Meeting Minutes.

16 Are there any objections to approving
17 the Minutes?

18 (No response.)

19 CHAIRMAN SHEAHAN: Hearing none, the Minutes
20 are approved.

21 Item E-1 concerns ComEd's filing to
22 revise its Residential Real Time Pricing Program

1 rider.

2 Are there any objections to approving
3 the Suspension Order?

4 (No response.)

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

7 Item E-2 concerns an investigation
8 into Great American Power's Sales, Solicitation,
9 Marketing and Enrollment Practices, Policies,
10 Procedures and Materials.

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

13 (No response.)

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

16 Item E-3 concerns a request for
17 information from various ARES regarding their plans
18 to distribute Federal Energy Regulatory
19 Commission-ordered Settlement Proceedings in the
20 ComEd territory.

21 Are there any objections to approving
22 the Order initiating the proceeding?

1 (No response.)

2 CHAIRMAN SHEAHAN: Hearing none, the Order is
3 approved.

4 Item E-4 concerns ComEd's annual
5 formula rate update. There are substantive edits to
6 the Proposed Order. I would move that we approve the
7 proposed edits involving battery storage.

8 Is there a second?

9 COMMISSIONER ROSALES: Second.

10 CHAIRMAN SHEAHAN: Is there any discussion?

11 (No response.)

12 CHAIRMAN SHEAHAN: All those in favor, say aye.

13 (Chorus of ayes.)

14 CHAIRMAN SHEAHAN: Opposed, say nay.

15 (No response.)

16 CHAIRMAN SHEAHAN: The ayes have it, and the
17 proposed edits are approved.

18 Is there motion to approve the Order
19 as edited?

20 COMMISSIONER ROSALES: So moved.

21 CHAIRMAN SHEAHAN: Is there a second?

22 ACTING COMMISSIONER PALIVOS: Second.

1 CHAIRMAN SHEAHAN: Any discussion?

2 (No response.)

3 CHAIRMAN SHEAHAN: All those in favor of
4 approving the Order as edited, say aye.

5 (Chorus of ayes.)

6 CHAIRMAN SHEAHAN: Opposed, say nay.

7 (No response.)

8 CHAIRMAN SHEAHAN: The ayes have it, and the
9 Order, as edited, is approved.

10 Item E-5 concerns ComEd's petition for
11 approval of its energy efficiency formula rate tariff
12 charges.

13 Are there any objections to approving
14 the Proposed Order approving the petition?

15 (No response.)

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

18 Items E-6 through Item E-8 concern
19 applications for authority to install Distributed
20 Generation Facilities.

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

1 Proposed Orders?

2 (No response.)

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

5 Item E-9 concerns a consumer complaint
6 against ComEd.

7 Are there any objections to approving
8 the Proposed Order dismissing the complaint?

9 (No response.)

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

12 Item E-10 concerns ComEd's petition
13 for a limited and temporary waiver of certain
14 portions of Code Part 466.

15 Are there any objections to approving
16 the Post-Exceptions Proposed Order approving the
17 petition?

18 (No response.)

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

21 Item E-11 concern ComEd's petition for
22 Declaratory Ruling concerning the applicability of

1 Code Part 452 to the planned provisions of Price to
2 Compare information on certain customer bills.

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

5 (No response.)

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

8 Item E-12 concerns ComEd's petition
9 for approval of its third-party electric energy
10 efficiency program portfolio.

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

13 (No response.)

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

16 Items E-13 through 37 concern
17 applications for authority to Install Energy
18 Efficiency Measures.

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

22 (No response.)

1 CHAIRMAN SHEAHAN: Hearing none, the Orders are
2 approved.

3 Under our Gas Agenda, Item G-1
4 concerns Nicor's rate case.

5 Are there any objections to approving
6 the Suspension Order?

7 (No response.)

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

10 Item G-2 concerns Nicor's
11 reconciliation of revenues under its Gas Adjustment
12 Charges.

13 Are there any objections to approving
14 the Proposed Order approving the reconciliation?

15 (No response.)

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

18 Item G-3 concerns Ameren's
19 reconciliation of revenues collected under its Gas
20 Adjustment Charges.

21 Are there any objections to approving
22 the Proposed Order approving the reconciliation?

1 (No response.)

2 CHAIRMAN SHEAHAN: Hearing none, the Order is
3 approved.

4 Item G-4 concerns Ameren's request for
5 Waiver of Certain Provisions of Code Part 501.

6 Are there any objections to approving
7 the Proposed Order approving the request?

8 (No response.)

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

11 Item G-5 will be held for disposition
12 at our December 19th meeting.

13 Are there any objections to approving
14 the Proposed -- oh. I'm -- pardon me.

15 Moving on to Telecommunications, Item
16 T-1 concerns a cancellation of CereTel's authority to
17 provide telecommunication services in Illinois.

18 Are there any objections to approving
19 the Proposed Order canceling the authority?

20 (No response.)

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

1 Item T-2 concerns a setting of maximum
2 rates under Code Part 770 for operator service
3 providers.

4 Are there any objections to approving
5 the rates set in the Proposed Order?

6 (No response.)

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

9 Item T-3 concerns TeliAx application
10 for authority to provide various Telecommunications
11 Services in Illinois.

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

14 (No response.)

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

17 Under Other Business, Item O-1
18 concerns the November 2018 Solicitation of Bids to
19 Sell Renewable Energy Credits from the New Scale --
20 pardon me -- Utility-Scale Solar and New Brownfield
21 PV projects to Ameren, ComEd, and MidAmerican.

22 Are there any objections to approving

1 the Procurement Administrator's Recommendation on the
2 Selection of Winning Bids?

3 (No response.)

4 CHAIRMAN SHEAHAN: Hearing none, the
5 Procurement Administrator's Recommendations are
6 approved.

7 Judge Teague Kingsley, do you have any
8 other matters to bring before the Commission this
9 morning?

10 JUDGE TEAGUE KINGSLEY: No, Mr. Chairman.

11 CHAIRMAN SHEAHAN: Commissioners, do any of you
12 have any other matters you'd like to bring before the
13 Commission?

14 (No response.)

15 CHAIRMAN SHEAHAN: Hearing none, we are
16 adjourned.

17 Thank you.

18 (Whereupon the matter
19 above was adjourned.)

20

21

22