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BEFORE THE
ILLINOIS COMMERCE COMMISSION
REGULAR OPEN MEETING
PUBLIC UTILITY
Tuesday, December 13, 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 (Telephonically)
 - SHERINA E. MAYE EDWARDS, Commissioner
 - MIGUEL DEL VALLE, Commissioner
 - JOHN R. ROSALES, Commissioner

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

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

DEPUTY DIRECTOR MATRISCH: Yes, we are.

CHAIRMAN SHEAHAN: Pursuant to the Open Meetings Act, I call the December 13, 2016 Special Open Meeting to order.

Commissioners del Valle, Edwards, and Rosales are present with me in Chicago. We have a quorum. Commissioner McCabe is participating by phone.

Commissioner McCabe, are you with us?

COMMISSIONER McCABE: Yes.

CHAIRMAN SHEAHAN: Great. I move to allow Commissioner McCabe to participate by phone.

Is there a second?

COMMISSIONER ROSALES: Seconded.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

All those in favor, say aye.

(Chorus of ayes.)

Opposed, say nay.

1 (No response.)

2 The ayes have it and Commissioner
3 McCabe is granted permission to participate by
4 phone.

5 We have no requests to speak and will,
6 therefore, move on to our Public Utilities Agenda.
7 We have no minutes.

8 Item E-1 concerns CUB and ELPC's
9 Petition to Initiate Rulemaking regarding Parts 466
10 and 467 of the Illinois Administrative Code.

11 Are there any objections to approving
12 the proposed Order adopting the rules?

13 (No response.)

14 Hearing none, the Order's approved.

15 Item E-2 concerns a consumer complaint
16 against Ameren.

17 Are there any objections to granting
18 the Joint Motion to Dismiss?

19 (No response.)

20 Hearing none, the motion is granted.

21 Item E-3 concerns the IPA's Petition
22 for Approval of its 2017 Procurement Plan. There is

1 an edit to the Order taking notice of the recently
2 passed Public Act 99-0906.

3 Is there a motion to approve the edit?

4 COMMISSIONER ROSALES: So moved.

5 CHAIRMAN SHEAHAN: Is there a second?

6 COMMISSIONER del VALLE: Seconded.

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

8 (Chorus of ayes.)

9 Opposed, say nay.

10 (No response.)

11 The ayes have it and the edit is
12 approved.

13 Is there a motion to approve the
14 proposed Order as edited?

15 COMMISSIONER MAYE EDWARDS: So moved.

16 CHAIRMAN SHEAHAN: Is there a second?

17 COMMISSIONER ROSALES: Seconded.

18 CHAIRMAN SHEAHAN: Any discussion?

19 (No response.)

20 All those in favor, say aye.

21 (Chorus of ayes.)

22 Opposed, say nay.

1 (No response.)

2 The ayes have it and the Order is
3 approved.

4 Item E-4 concerns Ameren
5 Transmission's Petition for the use of Eminent
6 Domain.

7 Are there any objections to approving
8 the proposed Order granting the petition?

9 (No response.)

10 Hearing none, the Order is approved.

11 Moving on to our Gas Agenda,
12 Items G-1 through 3 concern updates to various
13 Ameren tariffs.

14 Are there any objections to
15 considering these items together and not suspending
16 the filings?

17 (No response.)

18 Hearing none, the filings are not
19 suspended.

20 Items G-4 through 6 concern various
21 consumer complaints.

22 Are there any objections to

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

3 (No response.)

4 Hearing none, the Orders are approved.

5 Item G-7 concerns American Power &
6 Gas' Application for a Certificate of Service
7 Authority.

8 Are there any objections to approving
9 the proposed Order granting the certificate?

10 (No response.)

11 Hearing none, the Order is approved.

12 Moving on to our Telecommunications
13 Agenda, Item T-1 concerns setting of maximum rates
14 for operator service providers.

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

17 (No response.)

18 Hearing none, the Order is approved.

19 Items T-2 through 4 concern amendments
20 to Parts 755, 756, and 790 of the Illinois
21 Administrative Code.

22 Are there any objections to

1 considering these items together and approving the
2 proposed Orders authorizing the Second Notice
3 Period?

4 (No response.)

5 Hearing none, the Orders are approved.

6 Items T-5 through 7 concern Petitions
7 to cancel Certificates of Authority.

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

11 (No response.)

12 Hearing none, the Orders are approved.

13 Moving on to our Water and Sewer
14 Agenda, Item W-1 concerns IAWC's Proposed Rate
15 Increase for Water and Sewer Service.

16 There are both substantive and
17 non-substantive edits to the proposed Order.

18 Is there a motion to adopt the edits?

19 COMMISSIONER ROSALES: So moved.

20 CHAIRMAN SHEAHAN: Is there a second?

21 COMMISSIONER MAYE EDWARDS: Seconded.

22 CHAIRMAN SHEAHAN: Is there any discussion?

1 Commissioner Edwards.

2 COMMISSIONER MAYE EDWARDS: Yes. The proposed
3 edits adjust the ROE calculation by averaging the
4 ROEs put forth by the company and IIWC, FEA, and
5 CUB. There is also a downward adjustment
6 of 8 basis points for adoption of the Rider VBA
7 resulting in a final ROE of 9.79 percent and
8 authorized rate of return of 7.47 percent.

9 For the record, I would also like to
10 note the company's efforts to contain and reduce its
11 costs, achieve award-winning customer satisfaction
12 ratings, and promote a diverse workforce.

13 The company has reduced its O&M
14 expenses below the level previously authorized by
15 the Commission in its last rate case. The company
16 has also received honors for excellent customer
17 service and tripled its diverse supplier spend in
18 2015.

19 I want to commend the company for its
20 outstanding managerial efforts and recognize the
21 importance of comparable returns in order to
22 continue to sustain and further advance these

1 efforts and I note considering all these things and
2 the edits that I set forth.

3 Thank you to Chairman Sheahan's office
4 for the collaboration on these edits.

5 CHAIRMAN SHEAHAN: Is there any other discussion
6 regarding the edits?

7 (No response.)

8 All those in favor of adopting the
9 proposed edits, say aye.

10 COMMISSIONER ROSALES: Aye.

11 COMMISSIONER McCABE: Aye.

12 CHAIRMAN SHEAHAN: Aye.

13 COMMISSIONER MAYE EDWARDS: Aye.

14 (Chorus of ayes.)

15 CHAIRMAN SHEAHAN: Opposed, say nay.

16 COMMISSIONER del VALLE: Nay.

17 CHAIRMAN SHEAHAN: The edits are adopted 4 to 1.

18 Do we have a motion to approve the
19 proposed Order as edited?

20 COMMISSIONER ROSALES: So moved.

21 CHAIRMAN SHEAHAN: Is there a second?

22 COMMISSIONER McCABE: Seconded.

1 CHAIRMAN SHEAHAN: Any discussion?

2 Commissioner del Valle.

3 COMMISSIONER del VALLE: Thank you, Mr. Chairman.

4 In this docket's Post-Exceptions
5 Order, the Administrative Law Judges proposed a
6 Return on Equity of 8.9 percent based on a thorough
7 analysis of the various proposals and their
8 methodologies.

9 But now, for the second time in as
10 many water rate cases, we have an edit that
11 arbitrarily inflates the company's return and, thus,
12 its profit.

13 To do so, two different standards are
14 employed depending on whether an ROE was higher or
15 lower. Flawed ROEs, which are higher, get averaged,
16 but those deemed too low are excluded from the
17 average, without any attempt at explaining the
18 disparate treatment, other than that it seems too
19 low.

20 The two higher ROEs contain
21 adjustments that are recognized to be contrary to
22 normal practice for a company such as this; the

1 lower ROE, however, includes no finding that it
2 would hurt the company's chances to attract capital
3 and instead the analysis points to testimony that
4 impermissibly compares the ROE to other companies,
5 affiliates, and past rate cases. In my opinion,
6 this is an inadequate and improper analysis and an
7 abuse of discretion.

8 And though I agree that an 8 basis
9 point adjustment is appropriate due to Rider VBA, it
10 does little to mitigate an inflated ROE that is the
11 result of arbitrarily applied discretion.

12 In retrospect, I also believe that we
13 erred when we denied the requests to hold public
14 forums by failing to require more than merely
15 conclusory statements without an explanation about
16 the Commission's inability to cover the costs.

17 The Commission is required by law to
18 consider all public comments in all of their forms
19 when reviewing a water rate increase. In this case,
20 Staff's petitions did not provide adequate support,
21 and we should have these ratepayers' public comments
22 in this record. I see that as a deficiency in the

1 record.

2 Accordingly, I voted no on the edit
3 and will vote no on this Order.

4 Thank you, Mr. Commissioner.

5 CHAIRMAN SHEAHAN: Thank you.

6 Are there any other comments?

7 (No response.)

8 The vote is on the proposed Order as
9 edited. All those in favor, say aye.

10 COMMISSIONER McCABE: Aye.

11 COMMISSIONER ROSALES: Aye.

12 COMMISSIONER MAYE EDWARDS: Aye.

13 CHAIRMAN SHEAHAN: Opposed, say nay.

14 COMMISSIONER del VALLE: Nay.

15 CHAIRMAN SHEAHAN: The ayes have it and the vote
16 is 4 to 1 and the Order as edited is approved.

17 Item W-2 concerns Aqua's Petition to
18 Cancel Certain Tariff Language.

19 Are there any objections to approving
20 the proposed Order cancelling and revising the
21 tariff language?

22 (No response.)

1 Hearing none, the Order is approved.

2 Under our Miscellaneous Agenda, we
3 have Item M-1 concerns the adoption of rules
4 regarding the electronic filing of tariffs.

5 Are there any objections to approving
6 the proposed Order initiating rulemaking proceeding
7 and authorizing the First Notice Period?

8 (No response.)

9 Hearing none, the Order is approved.

10 Item M-2 concerns the setting of
11 interest rates to be paid on customer deposits.

12 Are there any objections to approving
13 the proposed Order setting the rates?

14 (No response.)

15 Hearing none, the Order is approved.

16 Moving on to Petitions for Rehearing,
17 Item PR-1 concerns ComEd's Application for
18 Rehearing.

19 Are there any objections to denying
20 the Application for Rehearing?

21 (No response.)

22 Hearing none, the application is

1 denied.

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

4 JUDGE KIMBREL: No, Mr. Chairman.

5 CHAIRMAN SHEAHAN: Commissioners, do any of you
6 have any other business to bring before the
7 Commission this morning?

8 (No response.)

9 Hearing none and without objection,
10 this meeting stands adjourned.

11 (Whereupon, the above
12 matter was adjourned.)

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